

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA NATIONAL LIBRARY SERVICE**

**FOR THE YEAR ENDED  
30 JUNE 2018**

**AUDITED  
ANNUAL REPORTS  
AND  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR  
ENDING  
30<sup>TH</sup> JUNE 2018**



## ANNUAL REPORTS

KEY ENTITY INFORMATION AND MANAGEMENT .....	ii
BOARD OF DIRECTORS.....	vii
MANAGEMENT TEAM.....	xi
CHAIRMAN’S STATEMENT .....	xv
REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xvii
CORPORATE GOVERNANCE STATEMENT.....	xxi
MANAGEMENT DISCUSSION AND ANALYSIS.....	xxviii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY REPORTING.....	liv
REPORT OF THE DIRECTORS .....	lvi
STATEMENT OF DIRECTORS’ RESPONSIBILITIES .....	<b>Error! Bookmark not defined.</b>

## FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE .....	1
STATEMENT OF FINANCIAL POSITION .....	11
STATEMENT OF CHANGES IN NET ASSETS .....	12
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS .....	14
NOTES TO THE STATEMENT OF BUDGET COMPARISON .....	16
NOTES TO THE FINANCIAL STATEMENTS .....	18
APPENDIX I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	39
APPENDIX II. PROJECTS IMPLEMENTED BY knls .....	46
APPENDIX III. INTER-ENTITY TRANSFERS .....	47

## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Kenya National Library Service (knls) Board is a state corporation under the Ministry of Sports, Culture and Heritage which is for the time being responsible for the corporation. The Board was established by an Act of Parliament Cap 225 of the Laws of Kenya in April 1965. The entity is domiciled in Kenya and has 62 branches spread in 34 counties countrywide.

The Act gives the Board responsibility to manage both the National Library of Kenya and the Public Library System. Under the National Library of Kenya, the Board's key function is to preserve the national documentary heritage and to produce the Kenya national bibliography. Under the Public Library System, the principal objective of the Board is to provide library and information services to the Kenyan publics with a view to promoting a positive and sustained reading culture. The Board recognizes that information is a basic commodity in everyone's life, as it directly responds to their needs, through individual and community empowerment.

### (b) Principal Activities

The principal activity of the Kenya National Library Service is to promote, establish, equip, manage, maintain and develop libraries in Kenya as a National Library Service;

#### Vision, Mission and Core Values of Knls

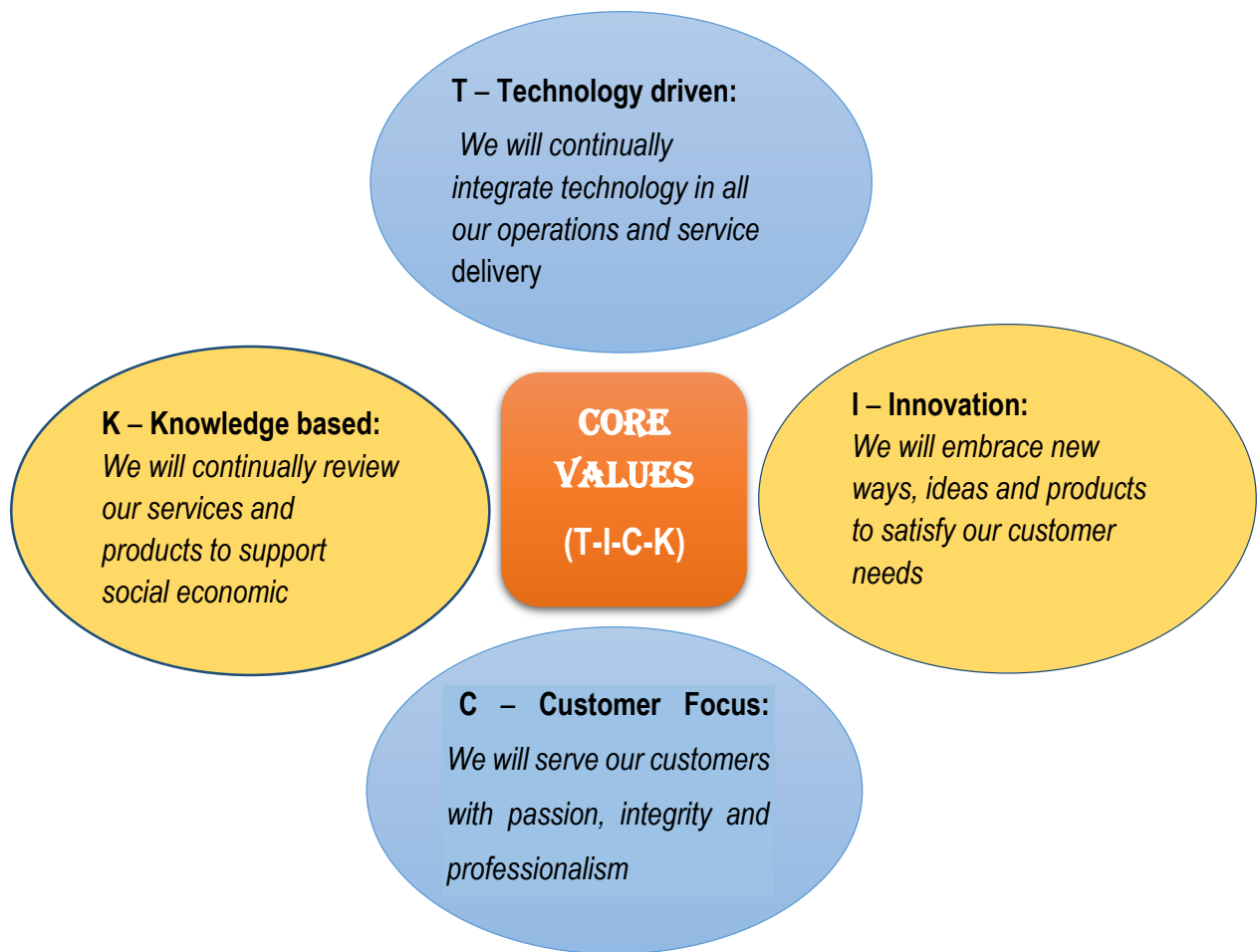
##### VISSION

*The hub of information  
and knowledge for  
empowerment*

##### MISSION

*To preserve the  
national documentary  
heritage and enable  
access to information  
and knowledge for  
transformation of  
livelihoods*





### (c) Key Management

The Kenya National Library Service day-to-day management is under the following key organs:

- Chief Executive Officer
- Deputy Director (Finance and Administration) and
- Deputy Director (Technical Services)



**(d) Fiduciary Management**

The key management personnel who held office during the quarter ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

<b>No. Designation</b>	<b>Name</b>
1. Chief Executive Officer	Mr. Richard M. Atuti, OGW
2. Deputy Director (Finance & Administration)	CPA, Jack W. Emusolo
3. Deputy Director (Technical Service)	Mr. David M. Muswii
4. Deputy Director (Technical Service)	Mrs. Monicah Wangari Ngovi
5. Chief Human Resource Officer	Ms. Anne Magamboh
6. Principal Accountant (Head of Finance)	CPA, Julie Musandu
7. Principal Planning Officer	Mr. Cyrus Ndogo
8. Principal Procurement Officer	Ms. Janet Rotich
9. Principal Librarian (National Library Division)	Ms. Philomena Mwirigi
10. Principal ICT Officer	Mr. Alex Ombongi
11. Principal Public Relations Officer	Mrs. Nancy Ngugi
12. Senior Administrative Officer	Mr. Geoffrey Ruto
13. Principal Internal Auditor	Ms. Margaret Mwangi
14. Principal Librarian (CDBD)	Ms. Betty Kalugho
15. Principal Research & Development Officer	Dr. Charles Nzivo

**(e) Fiduciary Oversight Arrangements**

The overall oversight responsibility of knls rests with the Board of Directors as guided by the knls Board charter through its committees. It oversees the corporate governance, advises management in developing financial plans, determines the strategic direction of the corporation, goals and objectives as well as evaluating management's performance in pursuing and achieving those goals.

The following are the Board Committees and Board members to the various Board committees.

<b>Name of the Committee</b>	<b>Members</b>
<b>Audit Committee</b>	1. Mohamed Sheikh Aden - Chairman 2. Kipkorir Keter * - Member
<b>Finance &amp; Projects Development Committee</b>	1. Symon Yatich Namba - Chairman 2. Wenslas Ong'ayo * - Member 3. Dr. Zeddy Rop - Member 4. Alice Manyala - Member 5. Jane N. Nzau * - Member
<b>Human Resource &amp; Service Delivery Committee</b>	1. Patrisha M. Nekayia - Chairperson 2. Dr. Zeddy Rop * - Member
<b>Marketing, Research &amp; Resource Mobilization Committee</b>	1. Sam Madoka - Chairman 2. Loise Kathambi Kaburu - Member 3. Kipkorir Keter - Member

The two Board Members have been co-opted in different Committees to fill in for members who resigned and the one who did not report.

\* Mr. Kipkorir Keter - Audit and Marketing, Research & Resource Mobilization

\* Dr. Zeddy Rop - Finance & Projects and Human Resource & Service Delivery

\* Mr. Wenslas Ong'ayo retired in May 2018 and was replaced by Jane N. Nzau as the alternate representative to the PS, Ministry of Sports and Heritage.

**(f) Kenya National Library Service**

P.O. Box 30573-00100  
Kenya National Library Service Complex  
Mumias Road/OLDonyo Sabuk Road Junction, Buruburu  
Nairobi, Kenya

**(g) Contacts**

Tel. 020-2158352, 7786710 Fax: 2721749  
Email: [knls@knls.ac.ke](mailto:knls@knls.ac.ke)  
[www.knls.ac.ke](http://www.knls.ac.ke)

**(h) Kenya National Library Service Bankers**

Kenya Commercial Bank  
Milimani Branch  
NSSF Building  
P.O. Box 69695  
Nairobi, Kenya

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



## BOARD OF DIRECTORS

The Board consisted of 12 members, including a non-executive Chairman and the Chief Executive Officer.

---

### Hon. Noah Katana Ngala, EGH



**Born in 1948**, Hon, Katana Ngala is the Chairman of Kenya National Library Service with effect from 24<sup>th</sup> June 2016.

He served in various Ministries as an Assistant Minister and Minister between 1979 and 2002. These included Local Government and Urban Development, Office of the President, Co-operative Development, Tourism & Wildlife, Lands and Settlement Ministry of Home Affairs, Heritage and Sports. He has also served in various political parties.

---

### Dr. Zeddy Chepkorir Rop

**Born in 1968**, Dr. Zeddy is the vice Chairperson of the Board since 21<sup>st</sup> October, 2016. She holds PhD (Art Education), PGDE in Education, M.A (Fine Arts), B.A (Fine Arts), Diploma (Textile Designing)

**Experience:** She has over 18 years as Lecturer in the department of Fine Arts and Design at Kenyatta University.



---

### Symon Yatich Kimengich Arap Namba



**Born in 1962**, Mr. Yatich who became a board member from 21<sup>st</sup> October, 2016 is the Chairperson of Finance & Projects Development Committee. He holds B.A (Hons) - Economics, Geography and Political Science

**Experience:** He has vast experience in the public sector, having worked in different organizations including National Cereal and Production Board, various public schools, NHIF and also private institutions. He is also the Director of One Touch Marketing Ltd.

### Hon. Mohamed Sheikh Aden

**Born in 1944**, Hon. Mohamed is the Chairperson of Audit Committee. Since 21<sup>st</sup> October, 2016. He holds a Diploma in Journalism and has many years of experience.

**Experience:** Starting his career over 40 years ago in the public service, Mohamed has worked under the provincial administration, served as a Member of Parliament and in political party leadership and as an Assistant Minister. He has served as a leader in various capacities and worked in unifying leaders from the North Eastern part of the Country. He always strives to put the interests of the people at the fore-front in order to ensure they access the best services from the government.



### Patrisha Nekayia Mbaria



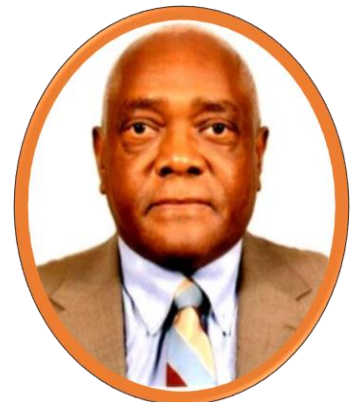
**Born, in 1977**, Patrisha is the Chairperson of Human Resource & Service Delivery Committee. She became a board member with effect from 21<sup>st</sup> October, 2016. She holds a Certificate in Business Management, Cert in Theological Education by Extension, Cert of specialized leadership/pastoral

**Experience:** She has served as a Pastor for many years with passion due to her great interest in matters of Christian religion.

### Sam Mshimba Madoka

**Born in 1952**, Mr. Madoka is the Chairperson of Marketing, Research & Resource Mobilization Committee with effect from 21<sup>st</sup> October, 2016. He holds Business Diploma, Marketing Diploma, Film Production Diploma.

**Experience:** Sam begun his career over 45 years ago where he worked with Ogilvy & Mather E.A Ltd which was and Still is a prominent company in the creative and advertising sector. Later he became a Senior Account Director and TV Producer. He has served for over 25 years in top management leadership and as a consultant under different capacities. Through his employment, he worked on the development of commercials and advertisements for Barclays, Coca Cola Kenya, Beechams Kenya, Johnson & Johnson, BAT, Barclays, Beta Healthcare, Standard Chartered, East African Breweries, Population Service International and Kenya Airways among others. He is currently a Creative Communications Consultant at Down to Earth Communications Ltd.



### Loise Kathambi Kaburu



**Born in 1978**, Madam Kaburu, became a board member with effect from 21<sup>st</sup> October, 2016. She holds MBA (Strategic Management), Dip in Information Technology(imis), Bachelor of Education (Science)

**Experience:** Loise draws her experience widely from the education Sector. She started her career as a teacher and rose to be an administrator, revenue manager and a director of administration at Fineken Holdings Limited. Currently, she is an Executive Director (Administration) at Zetech University.

---

### Kipkorir Keter

**Born in 1976**, Mr Kipkorir holds a Bachelor of Business Management (Finance Option), CPA Sec. 1-5. He became a board member with effect from 21<sup>st</sup> October, 2016.

**Experience:** He is an experienced accountant and currently serves at Bomet County Government.



---

### Wenslas Ambundo Ong'ayo



**Born in 1958**, Mr. Wenslas became a board member with effect from 13<sup>th</sup> November 2014.

**Experience:** He has served in the public service for over thirty-four years, having served as a District Officer and as the Deputy Secretary, Ministry of Lands and Housing. He also served in several Task Forces and Committees and is currently on an advisory Task Force on recovery of illegal/irregularly allocated public land. Currently, he is serving as the Director of Administration at the Ministry of Sports, Culture and the Arts.

He retired on May 2018.

### Alice Manyala

**Born in 1960**, Madam Manyala was appointed as the Alternate Director to the Cabinet Secretary, National Treasury from May 2017, but attendance commenced in September 2017. She holds a Post Graduate Diploma in International Relations and Bachelor of Arts Degree both from the University of Nairobi.

**Experience:** Alice draws her experience from the Public Sector where she has served for over thirty years. She started her career as an Executive Officer in the Ministry of Foreign Affairs in 1986 and rose through ranks to a Second Counselor in the same Ministry. Currently Ms. Manyala is a Senior Assistant Secretary in the National Treasury



---

### Jane N. Nzau



**Born in 1958**, Madam Jane N. Nzau became an alternate board Member representing the Principal Secretary, Ministry of Sports, Culture and Heritage with effect from 28<sup>th</sup> June 2018. She holds a Masters degree in International Studies, Degree in Political Science, National Security among others.

**Experience:** She is a career Civil Servant with a long experience as an Administrator in various Government Ministries including Cabinet Office, East Africa Community, Office of the President etc.

---

### Richard Masaranga Atuti, OGW





**Born in 1962**, Mr. Richard is the Chief Executive Officer of Kenya National Library Service and Secretary to the board. He holds MA, B.A, & Post Graduate Diploma-Library & Information Science – Makerere University.

**Experience:** He has a great wealth of experience with over 26 years in Public Services 18 of which in Senior Management level in the knls Board.









## **MANAGEMENT TEAM**

No	Passport size photo & Name	Area of Responsibility	Key Professional/academic Qualifications,
1.	<p>Richard Masaranga Atuti, OGW</p> 	Chief Executive Officer	<ul style="list-style-type: none"> <li>• MA, BA,</li> <li>• Post Graduate Diploma-Library &amp; Information Science – Makerere University.</li> </ul>
2.	<p>CPA Jack Wafula Emusolo</p> 	Deputy Director (Finance & Administration)	<ul style="list-style-type: none"> <li>• Executive MBA,</li> <li>• BBA (Finance Option),</li> <li>• CPA (K)</li> </ul>
3.	<p>David Muswii</p> 	Deputy Director (Technical Services)	<ul style="list-style-type: none"> <li>• Post Graduate Diploma in Library &amp; Information Studies,</li> <li>• BSC (Chemistry)</li> </ul>
4.	<p>Monicah Wangari Ngovi</p> 	Deputy Director (Technical Services)	<p><b>Masters in Education: Library Studies</b></p>

5.	<p>Anne Magamboh</p> 	<p>Chief Human Resource Officer</p>	<ul style="list-style-type: none"> <li>• MA HRM (UK),</li> <li>• BBA (Marketing Option),</li> <li>• IHRM, CIPD (UK)</li> </ul>
6.	<p>Nancy Ngugi</p> 	<p>Principal Public Relations Officer</p>	<ul style="list-style-type: none"> <li>• Master of Arts in Communication,</li> <li>• Bachelor of Arts Economics and Philosophy</li> </ul>
7.	<p>CPA Julie Musandu</p> 	<p>Principal Accountant</p>	<ul style="list-style-type: none"> <li>• MBA – Strategic Management,</li> <li>• B.Com (Accounting Option),</li> <li>• CPA(K)</li> </ul>
8.	<p>Cyrus Ndogo</p> 	<p>Principal Planning Officer</p>	<ul style="list-style-type: none"> <li>• MA (Project Planning and Management),</li> <li>• MBA-HRM,</li> <li>• B.Com Admin.</li> </ul>



9.	Philomena Mwirigi		Principal Librarian – National Library Division	<ul style="list-style-type: none"> <li>• MA (Information and Library Management),</li> <li>• Bachelor of Library Studies (BLS)</li> </ul>
10.	Alex Nyaribo Ombongi		Principal ICT Officer	<ul style="list-style-type: none"> <li>• Master of Science in Computing,</li> <li>• Postgraduate Diploma in Computing,</li> <li>• Bsc in Information Technology</li> </ul>
11.	Geoffrey Ruto		Senior Administrative Officer	<ul style="list-style-type: none"> <li>• Masters in Commerce,</li> <li>• B.Com(Banking Option)</li> </ul>
12.	Margaret Wanjiku Mwangi		Principal Internal Auditor	<ul style="list-style-type: none"> <li>• B.Com(Hons), Accounting Option</li> <li>• CPA(K),</li> <li>• ICM Diploma (Risk Management)</li> </ul>

13.	<p>Janet Chepkemai</p> 	<p>Principal Supply Chain Officer</p>	<ul style="list-style-type: none"> <li>• <b>MBA (Strategic Management)</b></li> <li>• <b>B.Com (Procurement &amp; Business Logistics)</b></li> <li>• <b>KISM, CIPS, NPLA</b></li> </ul>
14.	<p>Betty Kalugho</p> 	<p>Principal Librarian – Collection Distribution Books Department</p>	<ul style="list-style-type: none"> <li>• <b>Msc. Library &amp; Information Studies,</b></li> <li>• <b>Bachelor of Science (Information Science)</b></li> </ul>
15.	<p>Dr. Charles Nzivo</p> 	<p>Principal Research &amp; Development Officer</p>	<ul style="list-style-type: none"> <li>• <b>PhD Library Science</b></li> <li>• <b>Msc. Information Science</b></li> <li>• <b>BA (Anthropology)</b></li> </ul>

## **CHAIRMAN'S STATEMENT**



It is my pleasure and privilege to present to you on behalf of the Board of Directors of Kenya National

Library Service (knls), the Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2018.

### **CORPORATE PERFORMANCE**

The events of 2017 affected most businesses in Kenya and knls was no exception. The prolonged electioneering period together with periodic development budget cuts by the exchequer slowed down implementation of programs. Despite of these factors, the overall performance of the Board remained on an upward trend. This was complemented by increased reading promotion activities conducted through the knls branch network, within the second half of the year. Other programmes and activities geared towards community empowerment also enhanced the performance of the Board.

### **BOARD SELF EVALUATION**

The Board continued to implement its mandate through its four Board Committees namely: Finance and Projects; Human Resource and Service Delivery; Marketing, Research and Resource Mobilization; and Audit. In order to establish the success with which the Board has performed its governance role in the stewardship of the Corporation; and in compliance with Mwongozo, the Board conducted its self-evaluation exercise for the financial year

2016/2017 on 21<sup>st</sup> July 2017. The process which was guided by the State Corporations Advisory Committee (SCAC), rated the Board's overall performance at Very Good with 4.8084 Raw Score and 96.17 % Score. The Chairman, CEO and all other Board Members' were also individually rated. The Board self-evaluation for year under review is scheduled to be conducted in September 2018.

### **FINANCIAL POSITION**

Despite political and macroeconomic uncertainties, the available support received from the government and development partners enabled the Board to implement specific library programmes and registered impressive results by re-adjusting its financial budget to cater for the planned programmes for the year under review. Details of financial position of the Board during the year under review are captured in the financial statements.

### **STRATEGIC DIRECTION**

During the period under review, the Board finalized the development of the new strategic plan to serve as a blueprint for a five-year period i.e. 2017-2022. The Strategic Plan was approved for implementation in a Full Board meeting on 26<sup>th</sup> April 2018.

### **NATIONAL LIBRARY OF KENYA BILL 2018**

During the year under review, the above Bill was submitted to the Cabinet by the Parent Ministry through a Cabinet Memorandum to enable next steps for enactment of the new Law. The Board hopes that this process would be completed during Financial Year 2018/2019. This would lead to establishment of National Library of Kenya.

#### VISION 2030 FLAGSHIP PROJECT

Implementation of the National Library of Kenya/Headquarters is a Vision 2030 flagship project. It commenced in April 2012. To date, the project is at 75% completion rate. The Board remains optimistic that funds would be available to facilitate its completion.

#### ANNUAL STOCKTAKING

During the year under review, the Board closed all its 62 libraries between 25<sup>th</sup> – 30<sup>th</sup> June 2018 for Annual Stocktaking exercise. The exercise was aimed at evaluating the status of physical existence of library collections (information materials i.e. books and non-book library collections) and ascertain any loss and physical condition of the materials. Data collected from all libraries has been incorporated as part of the Annual Financial Statements Report and as part of the Board's assets.

#### RE-VALUATION OF BOARD'S ASSETS

In July 2017, the Board embarked on revaluation exercise to assess and value of its land, buildings and movable assets spread in different parts of the country. The exercise was to facilitate development of a comprehensive assets register that reflects the true value of the capital goods owned by the Board. The last revaluation of Boards assets was done in 2006. The task, which ended at the end of June 2018, was undertaken jointly by officers from Ministry of Lands,

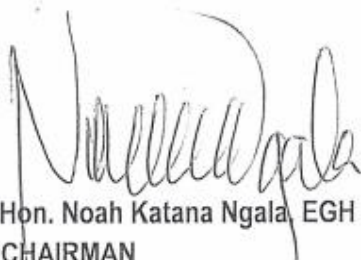
Infrastructure and Urban Housing and knls. The comprehensive report will facilitate updating of the books of accounts.

#### LOOKING AHEAD

Our corporate philosophy is grounded in the desire to provide quality service to our customers and remain focused on the knls' mission of empowering communities, transforming lives and improving shareholder value.

Going forward, the Board is determined to focus her efforts on key programmes focused on access to information to facilitate Kenyans to realize the big four pillars that have been declared as the government priority. Access to information will indeed stimulate the innovative and creative capabilities among different individuals.

On behalf of the board, I would like to thank the Government, development partners, library customers and all other stakeholders for their efforts in ensuring knls delivers solid results. I look forward to working together as we endeavor to generate increased growth in shareholder value in the years ahead. I would also like to acknowledge, with appreciation, the invaluable support I continue to receive from my colleagues on the Board, knls Management and Staff, which has helped to implement the knls strategies successfully throughout 2017/2018.



Hon. Noah Katana Ngala, EGH  
CHAIRMAN

## REPORT OF THE CHIEF EXECUTIVE OFFICER



### OVERVIEW

The financial year 2017/2018 was unique and external factors largely affected knls'

operations just as in other business sectors in the country. The significant downturn experienced in the economy following the prolonged period of electioneering coupled with insecurity in certain regions, translated into scaling down the implementation of some of the knls set targets due to budget cuts.

However, the Board's programmes and expenditure priorities were directed to the core mandate of the Board i.e. affording Kenyans accessible and relevant information sources and resources for their empowerment. As a result, the Board registered notable achievements in various segments some of which were made possible through donor support. Some of the key performance areas where the Board concentrated its efforts are highlighted in this report.

### PERFORMANCE CONTRACTING

Although there was delay in releasing the 2016/2017 performance contract guidelines by the Office of Performance Management and Coordination, knls Board had already prepared the draft PC targets to guide implementation of its mandate using the previous year's guidelines. However, after the guidelines for the year under review were released in December 2017, the necessary reviews and adjustments were made to ensure compliance. The Board participated in the vetting exercise in January 2018 and eventually signed the PC with the Cabinet

Secretary. Apart from the programmes affected by the challenging environment experienced in the country during the year under review, all other programmes were implemented as planned.

### FINANCIAL STEWARDSHIP

Knls Board continued to enjoy the goodwill of the Government through the Ministry of Sports, Culture and Heritage throughout the year. The Board received the outlined periodic grants from the exchequer to facilitate provision of library and information services to the public. All the funds channelled to the Board were appropriately utilized for the approved programmes and activities. The key sources of knls Board's revenue during the year under review were the Government of Kenya through the Exchequer, Appropriation in Aid and Donor funding. Nevertheless, donor funds are conditional and are strictly devoted to specific projects arrived at through an MOU signed by the donor and knls.

During the year under review, knls collected **Kshs 56,275,848** Appropriation in Aid as compared to **Kshs.59,030,540** in the previous financial year depicting -4.7% reduction. The reduction was as a result of the extended electioneering period which affected Library attendance across the 62 branch libraries.

The Board also received recurrent grants from the exchequer totaling to **Kshs. 671,778,400** (100%) of the total expected Recurrent grant income for the FY'2017/2018. The expenditure on employee cost and operational costs was **Kshs.712,638,142**.

For Development Grant, the Board received **Kshs.445,666,000** against the projected allocation of **Kshs.520,000,000**. The balance of 14% representing **Kshs.74,334,000** was not



received due to budgetary cuts by the Government.

## **PARTNERSHIPS**

The Board continued to receive support from both local and international development partners. During the year under review, support was obtained for specific library programmes that had been agreed upon at the Memorandum of Understanding development level. These programmes included (but not limited to): capacity building for both library staff and customers; facilitating access to examinable online courses; reading promotions; book donations; digital reading equipment; and sponsorship to participate in international library forums. Some of our long-time partners such as Book Aid International (UK) and Electronic Information for Libraries (EIFL) enhanced their unwavering support to knls geared towards inspiring readership among the Kenyans and upscaling the utilization of ICTs respectively. The e-readers donated by Worldreader also continued to revolutionize reading in knls libraries countrywide through the elicited enthusiasm among the library clients in digital reading. Other partners who have helped to revolutionize the use of knls libraries include (but not limited to): American corner by US Embassy – Nairobi; Peer 2 Peer University; Open Society Initiative for East Africa {OSIEA}, Good Things Foundation and Rotary Club of Nairobi.

## **STRATEGIC PLAN DEVELOPMENT**

Following the expiry of Board's 2012-2017 Strategic Plan in June 2017, the Board embarked on the process to develop a new Strategic Plan to guide the operations and management of knls in the next five years i.e. 2017-2022. During the year under review development of the new strategic plan was finalized and approved by the Board for implementation. End term review of the previous plan was also conducted as highlighted below.

### **a. End-Term Review of the 2012-2017 knls Board Strategic Plan**

The Board first engaged an independent consultant to carry out the end-term review of the 2012-2017 Strategic plan to assess its success in terms of its implementation against the set strategic aims and expected impacts; identify gaps, challenges and consider the lessons learnt that could guide the development of future plans. The overall level of implementation of the 2012-2017 Strategic Plan was rated at 63%, which the consultant termed as satisfactory.

### **b. Development of the 2017 - 2022 knls Board Strategic Plan**

The 2017-2022 Strategic Plan was finalized and approved by the Board for implementation on 26th April 2018. It will serve as the blueprint for the five-year period i.e. 2017-2022. This plan gives a lot of emphasis to enhancement of access to information sources and resources by the public to ensure a literate and an informed society. It is also aligned to the Government's strategic thinking echoed in the big four pillars i.e. manufacturing, universal healthcare, affordable housing, and food security.

The strategic plan reflects that alignment in many of the recommendations and service strategies it sets forth. The Board has put in measures to regularly review the strategic activities to ensure that the services offered are responsive to the needs of the communities.

The plan focuses on 3 broad strategic objectives. These are:

- i. To maintain a national bibliographic control, preserve and conserve a comprehensive national documentary heritage and promote reading, research and reference services.
- ii. To upscale automation levels for enhanced access to services.
- iii. To strengthen institutional capacity, resource mobilization, brand visibility and corporate governance for effective service delivery.



## **OFFICIAL LAUNCH OF GATIMBI LIBRARY IN MERU**

Gatimbi library in Meru County was officially opened on 7<sup>th</sup> December 2017 at a function presided over by Dr. Hassan Wario, the then Cabinet Secretary, Ministry of Sports, Culture and The Arts. Construction and equipping of the library was funded by the Government to a tune of about Ksh.33 million. Gatimbi added to the number of knls libraries totalling to 62 and spread in 33 counties. Central Imenti Sub-County, which is the catchment area for Gatimbi library has an estimate population of 150,000 people.

## **VISION 2030 FLAGSHIP PROJECT**

The National Library of Kenya Vision 2030 flagship project continues to attract diverse interest from stakeholders and the public due to its unique design. Its completion, which currently stands at 75%, will in deed mark a major milestone in the history of Kenya by facilitating

the establishment of a full-fledged National Library as is the case in many nations of the world. Started in April 2012, its completion, which was projected to take four years, has been slowed down by the periodic budget cuts over time.

The library reading area was however given priority and completed during the year under review to enable customers to continue to access the available library and information services. This section was opened to the public in April 2017.

The library clients have been registering their appreciation to the Board and Government for the new building which has safe reading spaces for children and conducive reading environment for all ages. During the year under review, several clients were served in the National Library of Kenya new library wing as follows:

	QTR 1	QTR 2	QTR 3	QTR 4	TOTAL
Female Adult	12,692	17,299	10,414	22,355	<b>62,760</b>
Male Adults	12,113	17,072	9,219	21,822	<b>60,226</b>
<b>Total</b>	<b>24,805</b>	<b>34,371</b>	<b>19,633</b>	<b>44,177</b>	<b>122,986</b>
Female Junior	11,813	14,096	8,491	21,946	<b>56,346</b>
Male Junior	13,006	13,862	8,756	20,834	<b>56,458</b>
<b>Total</b>	<b>24,819</b>	<b>27,958</b>	<b>17,247</b>	<b>42,780</b>	<b>112,804</b>

## **RAISING THE knls PROFILE**

During the year under review, several institutions/groups were hosted by knls to conduct their programmes within the library premises. These activities attracted various people who were not familiar with knls services. The library staff therefore took advantage of such opportunities to create awareness about available library facilities and services that they could benefit from. The institutions/groups included:

- a. Isuzu E.A. Ltd and Palmhouse Foundation during the launch of their 100 million shillings' endowment funds drive to support needy students at the knls Upper hill premises on 17<sup>th</sup> January 2018 at the new knls premises in Community.
- b. Kenya Police - Usalama Bora open forums two of knls libraries i.e. Nakuru and Naivasha are partnering with the Kenya Police to improve the security among the members of the public. The theme of the interactive forums was "how do we perceive the Police and what is the reason behind it?"

- c. Celebration of the Chinese New Year - 16<sup>th</sup> February 2018 at the Nairobi Area Library.
- d. Boda Boda Riders' and Tuk Tuk drivers Forums held at Nakuru and Kwale Libraries.
- e. Retirees/Senior Citizens club at Kinyambu and Laikipia libraries.

#### READING PROMOTION ACTIVITIES

knls libraries across the network organized various reading promotion activities to improve the reading culture among the Kenyan communities. The activities were aimed at projecting reading as fun and also to encourage members of communities to read. Below are some of the activities.

- a. Launch of new library services/programmes at various knls libraries
- b. Participation in International Women's Day Celebrations on 8th March 2018
- c. Participation in assisting the rural Nursery School Kids to Read/Speak in Kiswahili and English by Kithasyu Library.
- d. Parent-Baby Book Club to encourage parents to visit the library with their children and read for them especially the very young ones. This would inculcate positive reading

habits in children at an early age.

- e. Outreach services to schools which are far from the library and also to institutions for persons with disabilities e.g. introducing children with autism and those with hearing impairment to e-readers by Meru Library.
- f. Collaborating with primary school teachers to allow the children do their library lessons in the library.

- g. Organizing annual "Tamasha ya Kiswahili" event at knls BuruBuru to popularize Kiswahili language.

#### KEEPING THE YOUTH AWAY FROM IDLENESS

Knls libraries are engaging the youth in meaningful activities with a view to keeping them away from idleness and other social vices. For example:

Introduction online examinable courses such as: Peer to Peer University and Learn My Way online platform courses to encourage the youth to advance their skills.

Training of basic IT courses and other life skills courses in the knls libraries. Knls partners with expert institutions that bring in their expertise to organize relevant workshops and short course trainings that meet community needs.

Partnering with NACADA to create awareness on drugs and substance abuse among the youth at the library premises.

#### APPRECIATION

In deed we have accomplished a lot during the

year under review, and we are grateful to the new partnerships that we have gained and the ones that we have strengthened. I also do appreciate the support offered to Management by the Board. To all our colleagues I say thank you for your team spirit and commitment. All these efforts harnessed together mean that, in 2018/2019, we can continue to provide quality and timely information services to the public for knowledge and empowerment.



Richard M. Atuti, OGW

CHIEF EXECUTIVE OFFICER

## **CORPORATE GOVERNANCE STATEMENT**

Kenya National Library Service Board operates under Cap 225 Laws of Kenya and embraces the principles of good governance that is engraved in the culture of integrity, accountability and transparency. The principles and standards adhered to by the Board have been developed with close reference to the Mwongozo Code of governance for state corporations, issued by the State Corporations and Advisory Committee (SCAC). The Board which is guided by the knls Board Charter through its Committees oversee the corporate governance, advises management in developing financial plans, determines the strategic direction the corporation, goals and objectives as well as evaluating management's performance in pursuing and achieving those goals. The Library is managed under the direction of the Board of Directors whose responsibility is to supervise the operations of management and ensure that the interest of the organization and all its stakeholders are promoted and protected.

### **Board Composition**

The Board consists of twelve directors; out of whom (9) are independent non-executive directors including the Chairman two (2) Directors are representatives of the Parent Ministry and the Representative of The National Treasury and the remaining Director is the Chief Executive Officer of knls.

The appointment was done Vide Kenya Gazette Notice No. 8753 dated 26th October, 2016; for a period of three (3) years, with effect from the 21<sup>st</sup> October, 2016. The new appointments comprised five (5) Female and seven (7) (Male).

### **Role and Functions of the Board**

The Board:

- (a) Determines the organization's mission, vision, purpose and core values
- (b) Sets and oversee the overall strategy and approve significant policies of the organization
- (c) Ensures that the strategy is aligned with the purpose of the organization and the legitimate interests and expectation of its shareholders
- (d) Ensures that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs
- (e) Approves the organizational structure
- (f) Approves the annual budget of the organization
- (g) Monitors the organization's performance and ensure sustainability
- (h) Enhances the corporate image of the organization
- (i) Ensures availability of adequate resources for the achievement of the organization's objectives
- (j) Hires the CEO on such terms and conditions of service as may be approved by relevant government organ(s) and approve the appointment of senior management staff
- (k) Ensures effective communication with stakeholders.

### **Succession Planning**

Knls Board has an established succession plan geared to ensuring continuation of business operations at all levels of the Board and Management. The terms of the members of the Board of Management are scheduled to end at different times.

The Board Strategic objectives in its current Strategic Plan is to “strengthen institutional capacity by upholding mobilization and development of human capital”

The objectives of knls Succession Plan are therefore to;

- i) Ensure continuity of knls
- ii) Ensure timely placement of employees to take up roles of their predecessors
- iii) Ensure suitable employees are available to fill the vacancies when they fall due
- iv) Help in monitoring of staff skills development
- v) Support allocation of resources for the talent development process

### **Board Evaluation and Performance**

In accordance with the Code of Governance for State Corporations - Mwongozo under Article 1.12, knls Board conducted its annual self-evaluation on 21<sup>st</sup> July 2017 at the Panafric Hotel, Nairobi. This was about nine months after the Board had been appointed. However, given that the financial year had come to an end, it was inevitable for the exercise to be done despite the fact that the Board had not completed one year in office. However, the Chairman had completed one year in office since his appointment in June 2016 and he had acted on behalf of the Board until the latter was fully constituted in October 2016.

The 2016/17 knls Board self-evaluation report was presented to the Board by Ms. Florence Wahome from SCAC on 29<sup>th</sup> September 2017. The Corporate Board performance was rated at Very Good with 4.8084 Raw Score and 96.17 Percentage Score. The Chairman's, CEO's and Individual Board Members scores were also clearly outlined in the report.

### **knls STRATEGIC PLAN**



### **End-Term Evaluation of Strategic Plan 2012-2017**

The time frame of the 2012-2017 Strategic Plan ended on 31<sup>st</sup> June 2017.

The Board adopted the end-term review report of the knls Board Strategic Plan 2012-2017 with an overall performance score of 63%; and recommended prioritization and implementation of the recommendations thereof.

### **Adoption of The Draft knls 2017-2022 Strategic Plan**

The Board cognizant of the need to align the organization's vision and mission to the Kenya Constitution 2010 and overall Government strategic thinking such as the big four key pillars – Manufacturing, Universal Healthcare, Affordable Housing and Food Security held a retreat on the 26<sup>th</sup> and 27<sup>th</sup> February 2018 at the Flamingo Beach Resort and Spa – Mombasa to discuss and adopt/approve draft knls Strategic Plan 2017/2022.

### **Role of the Chairman and Chief Executive Officer**

The separate roles of the Chairman and the Chief Executive Officer are clearly defined in the



Board Charter which was approved by the board. Except for the strategic direction and general policy guidance, the board has delegated the conduct of the day to day business to the Chief Executive Officer.

### **Committees of the Board**

The Board has four standing committees with specific delegated authorities and terms of reference. These are Audit Committee, Finance & Project Development Committee, Human Resource & Service Delivery Committee and Marketing, Research & Resource Mobilization Committee. The various Committees and their TORs as guided by the knls Board Charter are outlined below:

#### **a) Audit Committee**

- i. Assisting the Director /Chief Executive Officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.
- iii. Resolving unsettled and unimplemented Public Accounts and Public Investments Committees' (PAC/PIC) recommendations.
- iv. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.
- v. Reviewing and approving the audit charter where applicable and the internal audit annual work plans.
- vi. Reviewing the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary.
- vii. Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance

with policies, laws, regulations, procedures, plans and ethics.

- viii. Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Director/Chief Executive Officer.
- ix. Conduct Risk Based Audits (RBA) to provide reasonable assurance that risks management processes and structures put in place by management are functioning effectively and recommending appropriate risk mitigation measures where necessary.
- x. Review and evaluate Annual Appropriation Accounts and Statements of assets & Liabilities before they are submitted to Controller and Auditor General by finance department.

#### **b) Finance & Project Development Committee**

- i. Assist the full board in overseeing formulation, review and implementation of financial policies and procedures.
- ii. Receive and review budgets from management, and recommend to the full board for approval.
- iii. Review and recommend proposed projects and work plans to the full board for approval.
- iv. Review and recommend quarterly and annual financial reports prepared by the management to the full board for approval
- v. Receive and review capital assets disposal inventory and recommend to the full board for approval and disposal

#### **c) Human Resource & Service Delivery Committee**

- i. Review, consider and recommend to the Board for approval all the Human

- Resource policies relating to terms and conditions of service for employees.
- ii. Oversee, monitor and evaluate implementation of all the approved human resource policies by the management.
- iii. Review and recommend Human Resource Management Committees' reports on discipline, raining and any other human resource report for Board's approval.
- iv. Receive and review changes proposed by management on the organization structure, performance management system, compensation guidelines and recommend to the Board for approval.
- v. Review management's proposals for appointment of union employees and recommend for approval by the Board.
- vi. Advise the Board on the criteria for identifying, recruiting and appointment of managerial staff and recommend candidates to the full board for approval.
- vii. Ensure in consultation with the Board and the CEO that succession plans are in place at all

levels and review such plans regularly.

- viii. Review recommendations regarding any other issues related to Human Resource Management.

#### d) Marketing, Research & Resource Mobilization Committee

- i. Advise on formulation, implementation and review of communication, marketing and resource mobilization policies, strategies and plans.
- ii. Provide guidance on the application of customer-focused marketing strategies that will achieve increased readership levels.
- iii. Offer expertise on formulation, strengthening and sustenance of partnerships with stakeholders to enhance the quality of library and information service delivery to the public.
- iv. Advise on development and implementation of Corporate Identity Manual to realize consistent reinforcement of knls brand.

### Board Meetings Held in the Year

The board normally meets at least once every quarter and is chaired by a non-executive Chairman. The Board Members therefore hold regular scheduled meetings throughout the year and consultative meetings are held as and when necessary. At every meeting of the full board the chair of each committee presents a report on its activities, decisions and recommendations of the respective committees since the date of the previous meeting for further consideration and approval where necessary.



The table below details board membership and attendance as per scheduled board meetings during the year;

BOARD MEMBERS ATTENDANCE FY 2017/2018			
No	Name	Designation	Meetings attended
1	Hon Noah Katana Ngala, EGH	Board Chairman	11
2	Dr. Zeddy Rop <sup>2</sup>	Board Vice Chairman and Member – Finance & Projects Development Committee	27
3	Hon Mohamed Sheikh Aden	Chairman – Audit Committee	15
4	Simon Yatich Namba	Chairperson – Finance and Projects Development Committee	19
5	Patrisha M. Nekaiya	Chairperson – Human Resource & Service Delivery Committee	18
6	Sam Madoka	Chairperson – Marketing, Research & Resource Mobilization Committee	16
7	Abshiro Halake <sup>1</sup>	Member – Audit Committee	1
8	Loise Kathambi Kaburu	Member – Marketing, Research & Resource Mobilization Committee	13
9	Wenslas Ongayo <sup>4</sup>	Alt Rep. Ministry of Sports & Heritage - Member Finance & Projects Development Committee	6
10	Alice Manyala	Alt Rep. - The National Treasury - Member Finance & Projects Development Committee	17
11	Kipkorir Keter <sup>3</sup> ,	Member – Marketing, Research & Resource Mobilization Committee	22
12	Jane N. Nzau	Alt Rep. - Member Finance & Projects Development Committee	1
13	Richard Atuti, OGW	Board Secretary	32

**Note<sup>1</sup>** - Abshiro Halake resigned on 28<sup>th</sup> September 2017

**Note<sup>2</sup>** - Dr. Zeddy Rop attends two committee meetings – she is a member of Finance & Projects Committee and have been co-opted Human Resource Committee to fill in for members who resigned and the one who did not report.

**Note<sup>3</sup>** - Mr. Kipkorir Keter is a member of Marketing, Research & Resource Mobilisation Committee and have also been co-opted in the Audit to fill in for members who resigned and the one who did not report. – Attends two Committee Meetings

**Note<sup>4</sup>** -Mr. Wenslas Ong'ayo retired in May 2018 and was replaced by Jane N. Nzau as the alternate representative to the PS, Ministry of Sports and Heritage.

knls Board held the following meetings during the year under review:

TYPE	Meetings held
Finance & Projects Development Committee	7
Human Resource & Service Delivery Committee	4
Audit Committee	4
Marketing, Research & Resource Mobilization Committee	4
Board Evaluation	1
Scheduled Full Board	5
Special Full Board	1
Gatimbi Library launch and visit to Mount Kenya libraries	3
Strategic plan/ performance management	2
Adhoc Board Committee on Special Assignment	4
	<b>35</b>

### **Conflict of Interest, Code of Conduct & Ethics**

knls has fully adopted the Code of Ethics that is enshrined in the Mwongozo which is the Code of Governance for State Corporations. The code of ethics entails among other things declaration of Conflict of Interest which must be embraced by both the Board and the employees of the organisation. The Board members are required to avoid conflict of interest and deal at arms - length and with integrity in any matter that relates to knls. The Board has put various measures in place to ensure there is no conflict of interest amongst its directors and staff.

The Board has put in place Anti-Corruption Policy in line with EACC guidelines and a Code of Conduct & Ethics that binds both the board and the employees. A Board member who identifies an area of conflict of interest shall be required to disclose any actual or potential

conflict of interest to the Board. The same is registered in the Conflict of Interest Register.

### **Board Remuneration**

The non-executive Board members are paid taxable sitting allowances as approved by the Chief of Staff and Head of the Public Service following guidelines from the State Corporations Advisory Committee. The sitting allowance is paid when a member attends meetings of the Board or Committees. The Chairman of the Board is paid honoraria at a rate approved by the Government on monthly basis.

Transport expenses are reimbursed on travel for board business at the prevailing AA rates. The members are also entitled to outpatient and inpatient medical cover and a personal accident cover as applicable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.0 knls Operational Performance

During Financial Year 2017/2018 knls implemented various projects and programmes that were mostly focused on enabling access to library and information services; thus improving the reading culture of Kenyans. While some of the programmes were sponsored by the knls Board through funds received from the exchequer, others were sponsored by donors and other development partners through specific partnership agreements. These activities helped popularize the new services, raise the profile of knls and eventually achieve increased patronage of the libraries.

### 1.1 Reading Promotion

#### 1.1.1 Tamasha Ya Kiswahili Event

A successful event dubbed “*Tamasha ya Kiswahili*” was held at Buruburu Library on 14<sup>th</sup> October 2017. The event brought together Kiswahili language experts, authors, academicians and Kiswahili language enthusiasts. Students from Kenyatta University, Technical University of Kenya, Precious Blood Riruta, Eastleigh Boys, Good Shepherd Academy and Bidii Primary pupils attended the event. Teachers from schools in Nairobi and from as far as Nakuru Town were also present. Among the Key guests who graced the occasion were Prof Ken Walibora, Swaleh Mdoe and Munene Nyaga

#### 1.1.2 Raising The Library Profile Through Partnerships

Meru Library has been actively promoting reading among the persons with disabilities (PWDs) within their catchment area. This has earned the library respect from donors who

prefer to reach out to the PWDs through the library. One such engagement was with the American Friends of Kenya (AFK).

On 16<sup>th</sup> November 2017 knls Meru Library received a donation from AFK in form of

- i. Medical equipment and tools which were given to deserving members of the community either directly or indirectly through institutions dealing with PWDs.
- ii. Furniture and toys for the library’s children section.
- iii. 1200 books for both adult and children – 700 retained in the library while the rest were donated to pupils in four schools to help in starting up book clubs.

#### 1.1.3 Enhancing the Reading Culture – knls Kangema

Hon. J.N Michuki Memorial Library in conjunction with Kangema University & College Students Network (KUCSN) held a reading promotion event with the aim of creating awareness of the library and promoting the reading culture. The theme of this event was “*Enhancing the reading culture*”. The event was prepared as part of creating awareness and encouraging the senior citizen, teenagers and junior readers in making good use of the library through reading. As a way of reaching out to the target group, the library partnered with KISCN and Ranet FM which broadcasts around Kangema area. The event involved a procession caravan, an awareness forum at the shopping centre and a public Barraza at the library grounds where brochures were also distributed.

#### **1.1.4 Inspiring Readers Project-Reading Promotion Event in 5 Hub libraries 7<sup>th</sup> - 15<sup>th</sup> May 2018**

Five hub libraries that include: knls Rumuruti, Kisii, Nyeri, Lagam and Kabarnet conducted reading promotion event in their libraries between 10<sup>th</sup>- 15<sup>th</sup> May 2018, at the library grounds. This was in line with the deliverables of the Inspiring Readers programme with support from BAI. The main objectives of the event, was for Librarians to pass on skills to teachers on how to effectively carry out reading promotions events as a way of championing active reading culture among the pupils, teachers and parents.

#### **1.1.5 Learning Circles: Graduation in Murang'a and Nakuru**

##### **a) 2<sup>nd</sup> learning circles graduation ceremony held on 4<sup>th</sup> May 2018 at knls Nakuru**

A total of 256 participants in Nakuru graduated having successfully completed various online short courses conducted in the library at no cost. These courses included: Introduction to computers; Journalism for social change, HTML/CSS, among other. Among the invited guests was the Senator Nakuru County Hon Susan Kihika who was represented by Ms Lucy Njeri. In her speech on behalf of the Senator, she observed that knls is greatly contributing towards creating jobs for the youth and reassured the library of her support. She promised to deliver some furniture before the end of the year. Among other invited guests were Ms Susan Schnuer from EIFL and Ari Katz from IREX.

##### **b) 1<sup>st</sup> Learning circle Ceremony in Murang'a - April 24, 2018**

knls Murang'a branch held a graduation ceremony for 53 Peer learners who successfully completed courses on; Building your Leadership Skills, Web design using HTML and CSS and Social Media – What No One Has Told You

About Privacy. The program was a great success where working with volunteers has helped a great deal in the handling of the program alongside other innovative programs at the library.

#### **1.1.6 Celebration of the Chinese New Year 16<sup>th</sup> February 2018**

As a way of promoting and encouraging Kenyans to study the Chinese language, Nairobi Area Library who are in partnership with Hanban/Confucius Institute, joined in the Chinese New Year Celebrations. Hanban/Confucius Institute supported the establishment of the Chinese Corner at the Library through provision of books, audio CDs and Video DVD aimed at assisting people learn more about China, the Chinese language and their culture. To commemorate the event were students and teachers from St Nicholas Junior Academy that is one of the schools that teaches Chinese language and Uhuru High School.

#### **1.1.7 Kipsigis Cultural Week - April 16<sup>th</sup> – 21<sup>st</sup> 2018**

knls Kericho in partnership with Kipsigis Museum held a cultural exhibition on 16<sup>th</sup> to 21<sup>st</sup> April 2018. The exhibition was an education media centre, an invaluable teaching and learning source for all. Books about the Kalenjin community and culture were on display since they largely comprise the community living in the area. The event was graced by the Deputy Governor Kericho County, Susan Kikwai and CEC Education and Culture Mrs Ednah Ruto. The exhibition goal was to celebrate the culture of the Kipsigis and the Kalenjin at large and as well highlight the positive values of the communities.

### 1.1.8 Library of the Year Awards (LOYA) 2017

The Library of the Year Awards, otherwise known as Maktaba Awards took Place on the 27<sup>th</sup> September 2017 at the Louise Leakey Auditorium at the Museums of Kenya. The colourful event brought together professionals in the field of Library and Information Science from public, Private and Non-Governmental Institutions together in order to appreciate the institutions that are demonstrating excellence in service delivery.

The event is organized by the Kenya Library Association in partnership with Goethe-Institut and Jomo Kenyatta Foundation. The Key note address was delivered by Dr Mshai Mwangola who was the chief guest. Dr Mwangola is the Research and Communication Officer at African Peacebuilding Hub which is a joint program of African Leadership Centre, Nairobi and the African Peacebuilding Network of the Social Science Research Council, New York.

Evaluators of the libraries that enter into the competition focus on identifying the quality and innovation used in service delivery, whether the programs and services offered are sustainable, whether the facilities are attractive and relevant to the customers served and the future looking approach being implemented by the library to take care of the ever changing consumer needs.

knls entered into the competition under the public and community library categories where it best fits according to the classification of the awards program.

The winning libraries were awarded as follows:

Category	Library	Award (Kshs)
<b>Best Public Library</b>	Knls Nakuru	20,000
<b>1<sup>st</sup> runners-up Public Library Category</b>	Knls Kisumu	14,000
<b>2<sup>nd</sup> runners-up Public Library</b>	Knls Buruburu	10,000
<b>Best Community Library</b>	Knls Dr. Robert Ouko Memorial - Koru	20,000

## 1.2 knls’ Participation in International Meetings and Events

### 1.2.1 World Literacy Day Celebrations

This year, International Literacy Day held on 8<sup>th</sup> September 2017 was celebrated across the world under the theme ‘*Literacy in a digital world.*’ Various knls branches marked the day at their local level through different activities. The libraries that celebrated the day were Isiolo Library, Kangema Library and Rumuruti Library. More than 500 participants participated in various activities lined up for the day.

### 1.2.2 International Women’s Day – Meru Held on 8<sup>th</sup> March 2018

To commemorate the International Women's Day on 8<sup>th</sup> March 2018, Meru library launched the worldreader Anasoma Project at Ripples International in Meru which focuses on saving abandoned babies, securing girls who undergo sexual abuse, early marriages and FGM. The library formed a reading club with the disadvantaged girls aged 6 -17 years and donated 60 books. The library committed to be holding monthly e-reading outreach sessions using worldreader kindles. This programme will be aimed using the power of stories to chip away the old norms and build new ones to help these



traumatized girls regain their purpose in life and develop a positive reading culture.

### 1.2.3 Opening of the Njoro Sub-County Education Library, 25th May 2018 at the DEOs office, Njoro

The Rift Valley Reading Association (RVRA) in partnership with Faculty of Education, Egerton University and knls Nakuru branch opened a children community library at the DEOs office on 25th May 2018. The Chief guest was Purity Kavuri, Librarian in charge, knls Nakuru. The library is expected to provide services to primary schools in Njoro Sub-County. RVRA runs Lit clubs in 10 primary schools and wished to extend the program to more schools with the help of knls. During the launch, knls donated books valued at kshs.100,000 and made a commitment to provide technical support to the children library.

### 1.2.4 Sigana International Storytelling Festival: knls Buruburu – 29th May 2018

knls Buruburu in conjunction with Zamaleo Act (*a Performing Arts Group*) hosted the Sigana International Storytelling festival on 29th May 2018 at Buruburu Library. The event brought together artists from Kenya, Tanzania, Uganda, Ethiopia and South Africa. The eight-day event was hosted on different venues on different days in order to promote story telling in Kenya. 622 people attended the event consisting of pupils and teachers from 23 schools within and around Buruburu Estate. This being an international event knls positioned itself as an Information and Recreational Hub which encourages creativity and connects the present with the past.

## 1.3 Awareness Creation Campaigns

### 1.3.1 Digital Connections Children Corners Kio Kit Training, 22nd – 24th May 2018, Corat Africa, Karen Nairobi

knls in partnership with Book Aid International

(BAI) are implementing a project dubbed ‘**Digital Connections**: Kio Kits and books for libraries in Kenya’. The project covers ten branches (Kisii, Kithasyu, Murang’a, Kericho, Rumuruti, Karatina, Timau, Kinyambu, Silibwet, Rambula). The aim is to support development of knls libraries to serve communities in Kenya and to attract more children to an environment conducive to develop the habit of reading. The project components are;

- Creation of five new safe Children Corners*
- Provision of Kio Kits to five established Children Corners*
- Book donations and Local purchases*
- Training for Librarians.*

Five branches have received Kio Kits (knls Kithasyu, Kisii, Rumuruti, Murang’a and Kericho). The other five (Karatina, Timau, Kinyambu, Silibwet, Rambula) will receive support to establish and equip children corners. Each Kio Kit contains 40 Tablets (a total of 200 Tablets) in a secure and sturdy box, pre-loaded with educational content for primary school children.

### 1.3.3 Drug and Substance Abuse Awareness Forum – 15th – 16th November 2017

Drug and substance abuse awareness forums were conducted at knls Nyeri Branch in partnership with the NACADA office in Nyeri on 15th and 16th November 2017. The goal was to raise the awareness of Drug and Substance abuse among the class 8 and form 4 school leavers on transit to either high schools or institutions of higher learning.

### 1.3.4 Nairobi international Bookfair 2017 – 27th September 2017

The five-day 20th Nairobi International Bookfair event took place from 27th September 2017 to 1st



October 2017. The Bookfair is a 5-day event organized by Kenya Publishers Association (KPA) that showcases publications from different publishers, reading promotion activities, workshops and seminars on topical issues, book launches, children activities, Publications and literary awards. The event began with the historic Book match that was flagged off at the Kenya National Library Service premises at Community.

The Chief Guest was the knls Director Richard Atuti who officiated the event by acknowledging the major strides that have been taken in promoting literacy and the role played by the various institutions. The event attracted both local and international publishers including three publishers from China. The event has grown over the years and the number of visitors to the event increasing to over 26,000 people as per the statistics of year 2016.

### **1.3.5 Kinyambu Library Digital Club for the Community**

Kinyambu Library has established a library digital club for Kinyambu community members comprising mostly the youth. The club was established on the footing of the Good Things Foundation Digital Life Project that was initiated in Kenya in July 2017. The project whose main focus is the ‘**Learn My Way**’ digital literacy online courses has been received with notable enthusiasm at the Kinyambu Library.

## **1.4 Launch Activities**

### **1.4.1 Digital Learning and innovation program for all (DLIP) – 4<sup>th</sup> May 2018**

Nakuru Library with support from Goethe Institute is implementing a digital learning programme that aims at providing opportunities for the youth to access online courses in the Library. The programme was launched on 4<sup>th</sup> May 2018, with a stakeholder’s workshop that

was officiated by Ms Elizabeth Wichenje of Goethe institute. The program will run from May to September 2018 and targets at least 100 participants who will go through training in five modules.

### **1.4.2 Launch of Tunachop Study Forum: New E-Learning Web Application for Students**

Tunachop program that was developed by Kenneth Mutethis Nturibi, a computer science student in Stanford university, together with three others launched the program at Meru Library on 15<sup>th</sup> August 2017.

This is an exciting new e-Learning program for students and is a web application designed to connect primary and secondary/high school students to educational opportunities. The platform also allows students access to free non-curricular online classes offered in other universities.

### **1.4.3 Role of Libraries in Fighting Drugs and Substance Abuse Among Teenagers**

In order to add more value to the services provided and also respond to the ills affecting the community they serve, Kangema Library organized a forum to address the drug and substance abuse menace on 22<sup>nd</sup> August, 2017 under the theme “*LOVE LIBRARY; BE EMPOWERED.*” The aim was to sensitize the community on the available information that can be used to alleviate the vice; and also expose the participants to much more information that they can access in the library for empowerment so as to avoid idleness that mostly pushes people especially the youth to engage in social ills.

#### **1.4.4 Launch of e-Readers at knls branches**

**knls Kericho** branch launched its e-readers programme on 13th October 2017. Over 200 participants graced the occasion.

**knls Kilifi** e-readers launch took place at the library grounds on Saturday 10<sup>th</sup> March 2018 in an event that was attended by over 300 people. The occasions were graced by worldreader country director Joan Mwachi among other guests in the counties.

#### **1.4.5 Opening of Gatimbi Library**

Gatimbi library was officially opened on 7<sup>th</sup> December 2017 at a function hosted by the knls Board of Directors led by the Chairman, Hon. Noah Katana Ngala and the CEO Mr. Richard Atuti. The launch was presided over by Dr. Hassan Wario, CS Ministry of Sports, Culture and The Arts. Among other key guests were: Amb. (Dr.) Francis Muthaura, Chairman LAPSET Corridor Development Authority; and Joan Mwachi, Director Worldreader East Africa.

#### **1.4.6 Digital Literacy Summit, 6<sup>th</sup> March 2018, Nairobi**

knls is working on a digital literacy pilot with 10 libraries in partnership with Good Things Foundation-UK, a leading digital inclusion Charity that supports people to grow their essential digital skills to overcome social challenges. Digital Life Kenya project aims at bridging the gap between digital literacy and illiteracy by ensuring that people are equipped with the most basic of IT skills.

knls, Good Things Foundation and Huawei co-hosted a Digital Literacy Summit in Nairobi for partners to share their work on social and digital literacy, hear about research and global trends, and come together to make connections and explore ideas about what to do next. The event

brought together stakeholders from the public, charitable and telecommunications sectors, who have an interest in digital literacy in Kenya and at the global level. During the summit, knls shared some of the *experiences and lessons* learned from the *pilot project in the 10 libraries*.

### **1.5 Capacity Building**

knls Board recognizes the need for training and development of all employees aimed at sharpening the skills and competencies of staff for efficient service delivery. During the 2017/2018 Financial Year the following training and capacity building programs were conducted:

#### **1.5.1 Peer to peer Learning Capstone Workshop. Nairobi, 25th July 2017**

The workshop was held in Nairobi to share experiences and lessons from librarians drawn from 4 libraries involved in the pilot peer to peer programme, 15 libraries and 11 additional sites earmarked for rolling out of implementation of the programme. The workshop was facilitated by knls, EIFL and P2PU. During the one-year pilot, 14 Learning Circles in Buruburu, Nakuru, Muranga and Narok Libraries, realized a total of 246 students who completed courses in HTML/CSS (web design), Resume writing, Storytelling for change, Data analysis with Excel, English grammar and style, Interview skills, Community journalism: Digital and Social Media, and How to cook healthy meals.

#### **1.5.2 Learn My way online platform workshop, CORAT AFRICA, NAIROBI**

The workshop was conducted on 19<sup>th</sup> and 20<sup>th</sup> July 2017 at CORAT Africa, Nairobi by **Good Things Foundation**, which is a UK Charity working to help socially excluded people improve their lives through digital literacy. They

have developed a model that enables and supports people to gain basic digital skills through an online learning platform, “Learn My Way” to be piloted in 10 libraries. Two Librarians from each of the pilot libraries participated in the two days training on how to use “Learn My Way” and how to be a ‘Digital Champion’ through supporting and inspiring learners. The ten pilot libraries include Naivasha, Gilgil, Silibwet, Kinyambu, Malindi, Kangema, Timau, Mbalambala, Moyale and Rambula.

### 1.5.3 e-Reader training workshop for Librarians. Nairobi, 12th-13th September 2017

A training workshop on effective handling and utilization of e-Readers was organized for 20 Librarians from 11 Libraries (Mwingi, Moyale, Garissa, Mandera, Wajir, Mbalambala, Griftu, Masalani, Bute, Tarbaj) on 12<sup>th</sup> and 13<sup>th</sup> September 2017. It was facilitated by a team from knls and Worldreader. The training aimed at building capacity of Librarians to integrate use of digital devices in the libraries and to conduct community outreach and e-reader activities.

### 1.5.4 Cluster 4 Librarians’ Training- 12<sup>th</sup> -13<sup>th</sup> September 2017, CORAT-Africa, Nairobi

A training for 20 Librarians from 11 Libraries (Mwingi, Moyale, Garissa, Mandera, Wajir, Mbalambala, Griftu, Masalani, Bute, Tarbaj) was conducted in Nairobi on 12<sup>th</sup> and 13<sup>th</sup> September 2017. The training was facilitated by a team from knls and Worldreader.

The training aimed at building capacity of Librarians to integrate use of digital devices in the libraries and to conduct community outreach and e-reader activities. Librarians were guided on how to package and market their activities to potential customers, how to organize a

successful launch activity, how to go about outreach activities and reporting guidelines throughout the project implementation

### 1.5.5 Sensitization on Constitutional Values, Principles and Wealth Declaration

The Public Service Commission organized for a Sensitization workshop for heads of Human Resource and Technical Officers in Governance and Ethics for all MDAs under its jurisdiction. Two members of staff attended the workshop and were expected to disseminate the information and guide other members of staff to comply with the requirements on National and Public Service values, principles and the Public Officer Ethics Act, 2003. The Sensitization workshop was held at Morendat Training Center, Naivasha wef 2<sup>nd</sup> to 4<sup>th</sup> October, 2017.

### 1.5.6 Annual Kenya Library Association (KLA) Conference

Library and Information Professionals from academic, special and public libraries, Archives and Knowledge Managers held their 2017 Annual Conference between 22<sup>nd</sup> and 24<sup>th</sup> November, 2017 at the Reef Hotel, Mombasa. The theme of the Conference was “*Library Opportunities in the Digital Environment*”. knls librarians were invited as either participants or presenters. The Board sponsored 8 members of staff; 4 presented their well-researched papers while the other 4 were participants.

### 1.5.7 Continuous Professional Development / Train-Of-Trainers (CPD/ToT) Initiative in Kenya

knls in partnership with Electronic Information for Libraries (EIFL) has rolled out a capacity building programme/ToT initiative that will support Continuous Professional Development of Public Librarians with the aim of enhancing service delivery in the libraries. The ultimate goal of this

initiative is to create a cohort of local trainers who are embedded in institutional CPD system to meet ongoing training needs of library staff across knls network. Twenty trainees have been selected to form the first cohort of knls trainers and will go through 6 training sessions that will run until March 2019.

### **1.5.8 Raising the Library Profile through Partnerships**

Meru Library has been actively promoting reading among the persons with disabilities (PWDs) within their catchment area. This has earned the library respect from donors who prefer to reach out to the PWDs through the library. One such engagement was with the American Friends of Kenya (AFK).

On 16<sup>th</sup> November 2017 knls Meru Library received a donation from AFK in form of:

- i. Medical equipment and tools which were given to deserving members of the community either directly or indirectly through institutions dealing with PWDs.
- ii. Furniture and toys for the library's children section.
- iii. 1200 books for both adult and children – 700 retained in the library while the rest were donated to pupils in four schools to help in starting up book clubs.

### **1.5.9 Training Programmes Sponsored by knls Board**

In addition to the capacity building programmes mainly funded by development partners, knls Board also organized for skills development programmes for staff on:

- Drug and Substance Abuse Awareness forum
- Integrity Training
- Retirement planning and management
- Work-place based prevention

intervention training

- HIV/AIDS sensitization
- Annual ICPAK seminar 2018 and Annual Auditors conference
- Disability Mainstreaming
- Diploma in Library and Information Studies
- Customer service skills

## **1.6 Projects' Monitoring and Evaluation**

### **1.6.1 Mid-term monitoring for Digital Life Kenya project, 5<sup>th</sup> to 10<sup>th</sup> March 2018**

The mid-term monitoring visits for this project were conducted by a team from knls and **Good Things Foundation-UK**, in six out of ten pilot sites/libraries. Kibera Library, which was not part of the pilot sites, was however covered in the monitoring programme due to its pro-activeness in the digital literacy activities. The six libraries included Naivasha, Gilgil, Silibwet, Kinyambu, Kangema and Timau.

### **1.6.2 Midterm monitoring for Inspiring Readers, 26<sup>th</sup> February - 2<sup>nd</sup> March 2018**

Five hub libraries: Rumuruti, Kisii, Nyeri, Lagam and Kabarnet conducted the mid-term of the Inspiring Readers programme in 3 out of project 5 schools. The main aim of the exercises was to gather evidence on usage of books donated to the schools. The Librarians discussed the challenges and provided additional support and guidance on school Library management.

### **1.6.3 Baseline Survey for Digital Connection Project, 19<sup>th</sup> -23<sup>rd</sup> March 2018**

Knls in partnership with BAI is set to roll a project dubbed, the digital connection. The project components include; a donation of 23,000 books to 22 Libraries, 5 kiokits to 5 libraries and establishment/refurbishment of Children's corners in 5 Libraries. The project is enhancing

previous efforts by knls/BAI in promoting reading among the young generation through creating children friendly spaces in the Libraries. Children's corners will be refurbished with colorful shelves, chairs, tables, murals, paintings, educational games and reading mats.

Baseline information was collected from 5 libraries that will receive KioKits (Kisii, Kithasyu, Murang'a, Kericho, Rumuruti) and 5 (Karatina, Timau, Kinyambu, Silibwet, Rambula) that will have Children's Corners refurbished. The aim of the baseline survey was to understand the current status of the project sites and identify the priorities ahead of the project rollout.

#### **1.6.4 Regional Meet ups on Learning Circles project**

The first regional meetup took place in Murang'a on 24th April 2018 for 5 libraries in Nairobi and Central region (Murang'a, Buruburu, Nairobi Area, Thika, Nakuru, Kibera). The meeting provided an opportunity for facilitators to share experiences, challenges and learning from each other. Representatives from each library presented details of their learning circle program from the past 6-months to a year including the challenges they faced, successful strategies, outcomes and their plans moving forward. The meeting coincided with a graduation ceremony for 53 Peer learners who had successfully completed in Murang'a Library.

The second regional meeting took place with 7 facilitators in Nakuru on 11th May 2018. Facilitators from Kisii, Kericho, Laikipia, Meru, Nakuru, Narok and Kibera attended to discuss mutual challenges and new opportunities. Since January 2018, knls has supported 34 learning circles in 13 Libraries reaching 635 patrons.

## **1.7 International Meetings/Events**

### **1.7.1 AfLIA Leadership Academy for Public Librarians Workshop 16<sup>th</sup> – 18<sup>th</sup> January 2018**

The African Library & Information Associations & Institutions (AfLIA) in collaboration with the Public Library Association (PLA) of USA has established the AfLIA Leadership Academy, a leadership enhancement programme for African public library leaders at middle management level. The programme is funded by the Global Libraries Initiative of the Bill and Melinda Gates Foundation.

The AfLIA Leadership Academy inaugural workshop for 12 young Librarians from 7 Countries in Africa (Kenya, Uganda, South Africa, Ghana, Gambia, Namibia, Nigeria) was held in Nairobi on 16<sup>th</sup> to 21<sup>st</sup> January 2018 at the Laico Regency. knls is represented by Jemimah Wangechi-Kangema and Miriam Mureithi-Thika.

The workshop was facilitated by Library Leaders and Coaches from AFLIA, knls and the Global Libraries Initiative.

knls convened a session on Community Engagement at the National Library of Kenya on Thursday, 18<sup>th</sup> January 2018. Deborah Jacobs, who spoke on behalf of the Bill and Melinda Gates Foundation emphasized on the need to develop partnerships at all levels, and to ensure that librarianship had value and worth in the lives of the people it targeted. AfLIA President, Dr. John TSebe challenged the participants to take responsibility, take initiative and be willing to contribute to the "Africa they want."



### **1.7.2 The International Network of Emerging Library Innovators – Sub Saharan Africa (INELI-SSAf) Programme**

A 2-year INELI Sub-Saharan Africa Program for Public Librarians commenced in May 2018. Four (4) Librarians from knls were among the 34 innovators that were selected to participate in this program. Within the 2-year period, participants will attend 3 face-to-face convening and in between they will carry out tasks, some of them online, with the guidance of a Mentor. The 1<sup>st</sup> convening was held in Accra, Ghana from 12<sup>th</sup> – 16<sup>th</sup> May 2018, the 2<sup>nd</sup> will be in June 2019 and the 3<sup>rd</sup> in June 2020 in different countries.

### **1.7.3 Africa Data Project Meeting, Ghana 26<sup>th</sup> February to 1<sup>st</sup> March 2018**

African Library and Information Association and Institution (AflIA) & *Technology & Social Change*

Group (TASCHA) hosted a meeting on Africa Data Project in Accra, Ghana. Participants were drawn from the following countries in Africa: South Africa, Cameroon, Uganda, Ghana, Nigeria, Botswana, Benin, Namibia, Zimbabwe, Senegal, Cote d'Ivoire, Guinea Bissau, Burundi, Kenya, Seychelles, Angola and AflIA partners namely EIFL, TASCHA & World reader. One staff from knls participated in the meeting.

### **1.7.4 Participation at the African Internet Governance Forum 2017 4<sup>th</sup> -6<sup>th</sup> Dec. 2017, Sharm El Sheikh, Egypt**

The 6<sup>th</sup> African Internet Governance Forum 2017-AIGF was held on 4<sup>th</sup> – 6<sup>th</sup> December 2017 in Sharm El Sheikh, Egypt. The theme of the forum was “*Enabling an Inclusive Digital Transformation of Africa*”. The IGF facilitates a common understanding of how to maximize

internet opportunities and address risks and challenges that arise. The forum, which was attended by 100 participants, was hosted by National Telecom Regulatory Authority of Egypt, AIGF Secretariat and the African Union Commission. One staff from knls was invited and sponsored by EIFL as a speaker on behalf of EIFL to share the success story of knls in adopting technologies to serve communities.

The paper titled ‘*Adoption of Technology for Delivery of Library Services*’ was delivered during a session on ‘*Public Libraries rise to the challenge to connect the next billion*’. The aim of the session was to discuss practical examples of how libraries and librarians are contributing to helping achieve the objectives set by the UN SDGs and AU Agenda 2063.

### **1.7.5 Initiative Young African Library Innovators- 15<sup>th</sup> to 24<sup>th</sup> August, 2017, Lithuania and Poland,**

“Initiative Young African Library Innovators” (IYALI) is an international program organized by EIFL whose main aim is to expose emerging public library innovators in Africa to experiences and ideas from other developing and transition economy countries.

The program for 2017, IYALI participants included participation at innovation workshop in Vilnius, public visit in Lithuania and Poland, attending the IFLA World Library and Information Congress in Wroclaw. One (1) member of knls participated in the program that was held from 15<sup>th</sup> to 24<sup>th</sup> August, 2017.

#### **1.7.6 knls Support Capacity Building and Mentorship in Africa**

During the year under review, four knls trainers were invited by partners to participate in training for Librarians in Zambia and Uganda while two staff members were identified as mentors for South Africa and Nigeria in the INELI-SSAF programme.

This is attributed to the commitment and investment by knls Management and partners to support staff Capacity building programmes and introduction of new services in the Libraries. knls is setting pace in the region and is now a leader in new innovative services that can be replicated in other countries. This has also created an opportunity for knls trainers to pass on skills to other countries in the region.

#### **1.7.7 Learning circles Workshop 18th – 19th April 2018, Uganda**

Two knls learning circle trainers were nominated to join the Peer to Peer University Staff (P2PU) staff Nico Koenig and Dirk Uys to facilitate a two-day training at the Maendeleo Foundation training centre in Mukono, Uganda on April 18th and 19th. In total, a mix of 26 public librarians and community librarians participated in the training workshop. The workshop was sponsored by EIFL.

#### **1.7.8 Training for Librarians in Zambia, 28th May– 1st June 2018, Lusaka Zambia**

Two Librarians were invited to facilitate a training on internet searching, e-resources and new service development. The training was organized by EIFL and the Library and Information Association of Zambia (LIAZ) The training is part of [a national EIFL-LIAZ initiative](#) that will build digital technology and professional skills of public library staff to enable them to initiate new public library services that use technology to meet community needs. Twenty-four (24) public librarians from 12 public libraries in Zambia participated in the training.

#### **1.7.9 XXIII Standing Conference in Eastern, Central and Southern African Libraries and Associations (SCECSAL) 2018 - Entebbe, Uganda**

The XXIII SCECSAL conference took place from 22nd to 28th April 2018 at Imperial Resort Beach Hotel, Entebbe, Uganda and was hosted by Uganda Library Association (ULIA). The theme of the conference was 'Positioning Library and Information Service to achieve Sustainable Development: Innovations and partnerships'. More than 200 delegates from Africa in over 30 SCECSAL member countries region attended. The conference demonstrated the important role libraries play in contributing to the Global 2030 Agenda for Sustainable Development; Africa Agenda 2063, and national development agendas.

#### **1.7.10 The International Network of Emerging Library Innovators – Sub Saharan Africa (INELI-SSAf) Programme Cohort 1 Final Convening & 1st Convening for Cohort 2 (10th -20th May 2018)**

This is a two-year program that combines online learning and three face to face interactions. The content of the course is mainly on those topics that librarians have to contend with on a daily basis but which are not necessarily taught in library schools. The online learning offers a chance for the Innovators to network and share ideas. The main emphasis is on how public libraries relate to the development agenda in their country's i.e. (National Development Plan, UN Agenda 2030 and AU Agenda 2063) and how they can best support the implementation of the Sustainable Development Goals. The Final convening for INELI-SSAf Cohort 1 and the 1st convening of Cohort 2 was held in Accra, Ghana from 10th – 20th May 2018. knls was privileged to have two staff participate in the 1st Cohort of INELI-SSAf program as innovators/mentors. Cohort 2 had 4 knls staff as innovators and 2 mentors

#### **1.7.11 45th ISO/Technical Committee (TC 46) 2018 Meeting- Lisbon, Portugal**

45th ISO/TC 46 took place from 14th to 18th May 2018 at Portugal National Library. The theme of the meeting was Week of 45th Plenary on COMMENTARIES/ DECISIONS ISO/TC 46. More than 100 delegates from over 20 ISO member countries attended. KEBS/TC 148 is mirrored to ISO/TC 46. The conference elicited good discussions on improving ongoing information and documentation standards.

### **1.8 Automation of HR and Other knls Functions**

#### **1.8.1 Automation of HR Software**

Payroll module – The module was piloted for three months i.e September, October and November 2017. The module then went live in December 2017. Processing of the payroll is duly completed and effective. Leave module- The pilot phase ended in June 2018 and the module was rolled out to all members of staff effective July 2018 and it is operational.

### **1.9 Support from Local Partners**

#### **1.9.1 - Refurbishment of Gilgil Library**

Gilgil Library has received support from the Rotary Club of Nairobi to build a reading shed and a toilet block. This donation is a follow up by the Rotarians who donated books and equipment to the Library in 2017. A meeting was held with the representatives of the Rotary club and the architect to finalize on the proposed design of the project. The project will be

implemented by the Rotarians in consultation with knls.

#### **1.9.2 Mikumbune Library Construction Work**

Mikumbune community library is one of the libraries established through community library development initiative that was adopted by the Board in 1991. Under this initiative the community handles the infrastructure development and furnishes the library, while the Board provides books and staffing. The Library was started in 2003 in a temporary premise. In the year 2017-2018 the NG-CDF allocated the project kshs.1,500,000. The funds were used for putting up the first floor columns, ring beam and roofing. These works were contracted at a cost Kshs.1,835,456.60 (One million, eight hundred and thirty-five thousand, four hundred and fifty-six shillings and sixty cents only). The project is fully funded by the NG-CDF Imenti South Constituency. The funds are channeled through Mikumbune Community library CDF account where the NG-CDF manager is a mandatory signatory to the account. The library Development Committee which is made up of five members including Ministry of works engineer, NG-CDF Manager and Clerk of Works – Imenti South and Constituency agreed with the contractor to complete the roofing even though funds were not enough. This was done on the assurance from the Honourable MP, Imenti South Constituency Mr. Kathuri Murungi that he would fund the project to completion during the next financial year. The roofing of the building has been completed and handing over done on 25th June 2018.

#### **1.9.3 Kilifi Community Library**

Mombasa Cement Company commenced construction of a perimeter wall round the library compound to enhance security and provide more serene environment for research and studies, and also allow for conducive outdoor reading. in support of Kilifi library branch and construction commenced on 12th June 2018.

## **2.0 FINANCIAL RESULTS AND REVIEW OF PERFORMANCE**

### **2.1 Recurrent Grant**

During the year 2017/2018, knls received Gok recurrent grants transfer of **Kshs.671,778,400**, **Donations Kshs.8,823,216.50** and **collected AIA Kshs.56,275,848** giving a cumulative total of **kshs. 736,877,465** which was utilized to fund employee and operational costs.

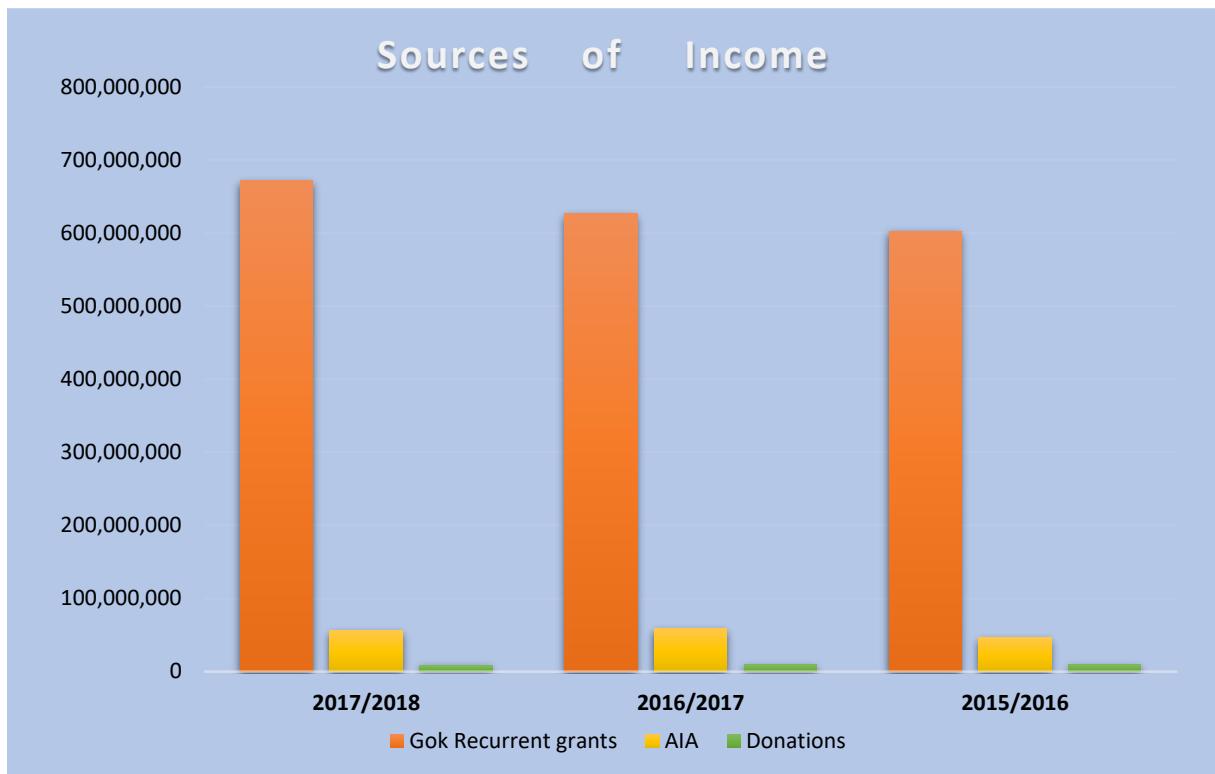
#### **2.1.1 Donations**

During FY 2017/2018, knls continued to enjoy support from her long time partners who sponsored various library programmes. Donor funds are conditional and are strictly pegged to specific projects arrived at through an MOU signed by the donor and knls. The following are donations received from our partners;

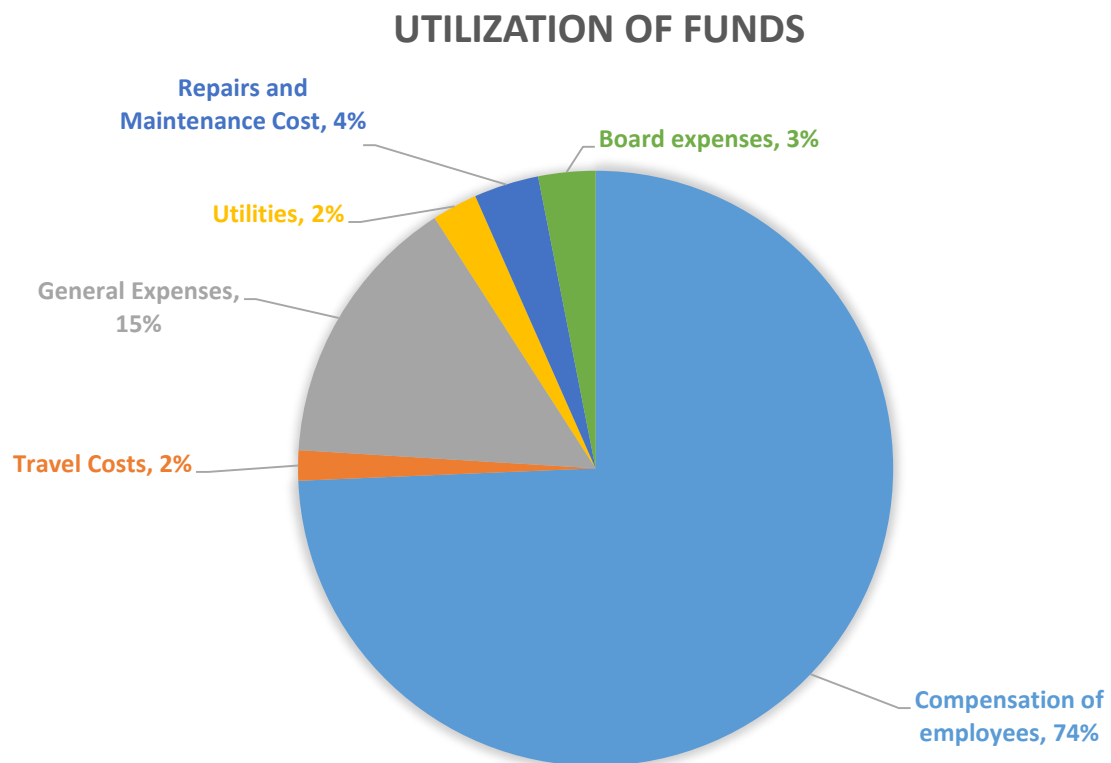
<b>Donor</b>	<b>Purpose</b>	<b>Amount (Kshs.)</b>
Book Aid International (BAI)	Community development on Book Havens, Digital connections Kio-kit, Ranfurly Book Box distribution	3,453,299.60
Electronic Information for Libraries (EIFL)	CPD/ToT programme	3,125,947.50
Open Society Initiative for East Africa (OSIEA)	Learning Circles-P2PU project	1,231,250.00
US Embassy	American Corner Activities	762,500.00
World Reader Organisation	Anasoma Project	176,219.40
Maktaba Loya Award Committee	Maktaba LOYA awards	74,000.00
	<b>TOTAL DONATIONS</b>	<b>8,823,216.50</b>

The following is a summary of the income knls has received in the last three financial years:

	<b>2017/2018</b>	<b>2016/2017</b>	<b>2015/2016</b>
<b>Gok Recurrent grants</b>	671,778,400	627,180,000	603,000,000
<b>AIA</b>	56,275,848	59,033,931	46,485,833
<b>Donations</b>	8,823,216.50	9,771,905	9,801,378



The Recurrent income that was received was utilized for employee costs and operational expenses as shown:

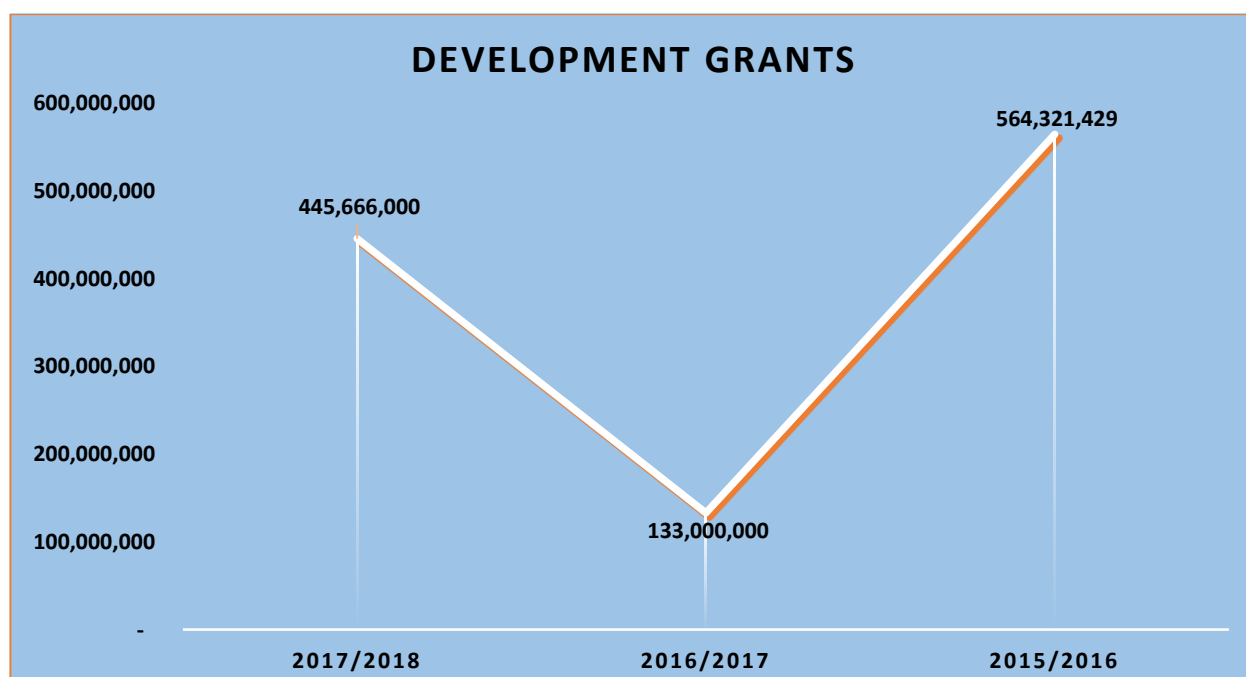




## 2.2 Development Grant

During the year under review knls received Development grant transfers of **Kshs.445,666,000** against the projected allocation of **Kshs.520,000,000**. The balance of 14% representing **Kshs.74,334,000** was not received due to budgetary cuts by the Government. The trend of the Development grants in the last 3 years is as shown:

GOK Grant	2017/2018	2016/2017	2015/2016
	Kshs	Kshs	Kshs
Development Grants	445,666,000	133,000,000	564,321,429



## 2.3 Deficit Trend for The Last Three Financial Years

knls recorded a deficit of Kshs.89..M which is an increase from the previous year's deficit of Kshs. 36M. The deficit performance is largely due to:

### a. Repair and maintenance cost

The repairs and maintenance has a variance of 73.3%. This is attributed to:

- Refurbishment of the old furniture from knls old building.

### b. Travel Costs

The variance in the **Travel costs** amounting to Kshs.11,691,701 (86%) is attributed to:

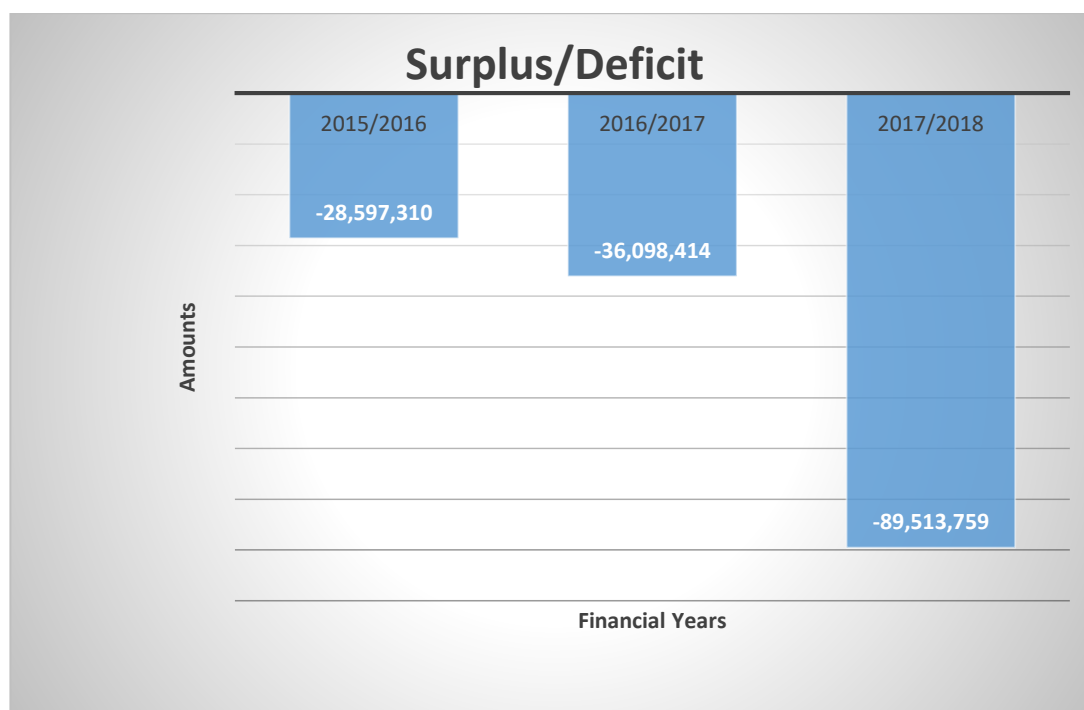
- Facilitation of Board's programmes and enhanced MOU's with donor that results to more sponsorship of staff to international conferences and mentorship programmes. All these were within the mandate to enhance service delivery.

- An amount of Kshs.4,159,945 that was paid as per diems to officers from the Ministry of Lands and Physical planning, Ministry of Transport, Infrastructure, Housing and Urban Development – under the State Department of Housing and Urban Development and knls staff from the Finance, Planning and Audit Departments.

**c. Inter Account Transfer – Kshs.69,547,316**

In last FY2016/2017 the Board made full settlement of CBA arrears for unionisable staff as per the court award. The monies were received in FY 2017/2018 and thus inter account transfer of Kshs.69,547,316.

Surplus/ (Deficit) Trend	2015/2016	2016/2017	2017/2018
	Kshs.	Kshs.	Kshs.
Surplus/Deficit	(28,597,310)	(36,098,414)	(89,513,759)



## 2.4 Challenges

Knls Board has an ageing workforce with a huge number of staff retiring within the next 10 years. This poses a risk on the institutional memory. To address this matter and ensure transfer of skills for continuity, the Board has developed a succession management plan and is in the process of developing a succession management policy that ensures replacement of retiring staff with the strategic and needed skills necessary for the changing business environment.

### 3.0 KEY PROJECTS AND INVESTMENT DECISIONS knls IS PLANNING/ IMPLEMENTING

The main sources of knls Board's funds for projects and investment decisions are the Exchequer from Government and Donor funding. Donor funds are conditional and are strictly pegged to specific projects arrived at through an MOU signed by the donor and knls. One of the key projects that knls has been implementing is the Vision 2030 flagship project i.e. the National Library of Kenya/ knls Headquarters, which commenced in 2011/2012 and is fully funded by the Government.



During the year under review, progress was registered as follows:

#### 3.1 The Ongoing Construction of the National Library of Kenya/ knls Headquarters

The construction of the National Library of Kenya/knls Headquarters commenced in 2011/2012 Financial Year and is an ongoing flagship project located at Capitol Hill. The project is envisaged to contribute immensely to the achievement of the knowledge based economy under vision 2030 programme.

The implementation/construction of this flagship project was estimated to take 4 years measured yearly based on 100% completion of the targets set each year. The project is in 2 wings as follows; Main Library Wing which is 75% complete and Headquarters Offices Wing. In the FY 2017/2018 under Development Expenditure Estimates knls Board was allocated a total of **Ksh.520Million** Development grants to implement the National Library of Kenya/Headquarters Vision 2030 flagship project. The budget was later revised and there was budget cut of **Kshs.74,334,000** equivalent to (14%) from the allocation of **Kshs. 520,000,000** to **Kshs.445,666,000**.

During the year under review, the Board utilised a total of **Ksh.345,110,994.27** towards the project giving a cumulative expenditure of **Kshs.2,071,618,859.76** to date and a completion rate of 68.9%.

Given the projected cash flow from the exchequer and for effective implementation of the project, the Board prioritized construction of the main library wing to be followed by the headquarters offices wing which will commence as soon as finishes works on the Main Library Wing that are underway are complete. The entire project is tendered as one contract at a sum of **Ksh. 2,055,200,200** exclusive of the Consultants fees

The original project period was 208 weeks. Due to cashflow challenges, the project period has been extended twice<sup>1st</sup> extension was 65 weeks, <sup>2nd</sup> extension 72 weeks giving total extended period of 345 weeks. The expected

completion date is 18<sup>th</sup> November 2018. So far the project has covered 90% of the extended contract period.

### **3.1.1 Visit by Monitoring and Evaluation Team from Ministry of Sports, Culture and Heritage**

On 11<sup>th</sup> June 2018 knls hosted a team of officials from Ministry of Sports and Heritage who were doing Monitoring and Evaluation of the project. Their interest was to assess status of implementation in terms of completion and value for money. Management invited the Project

Manager and the Quantity Surveyor to join the team during the visit. The team constituted representatives from AAKi consultants, (Architect), Procost consultants (Quantity surveyor) Chief Executive Officer (knls), Deputy Director (F&A) knls, and five Monitoring and evaluation officers from Ministry of Sports and Heritage. The team was briefed on the status of implementation of the project and toured various sections of the facility. The team was impressed with the project progress and commended management and the project implementation team for the progress achieved.

Visiting Officers during  
Monitoring and Evaluation  
of the Project on 11<sup>th</sup>  
June 2018

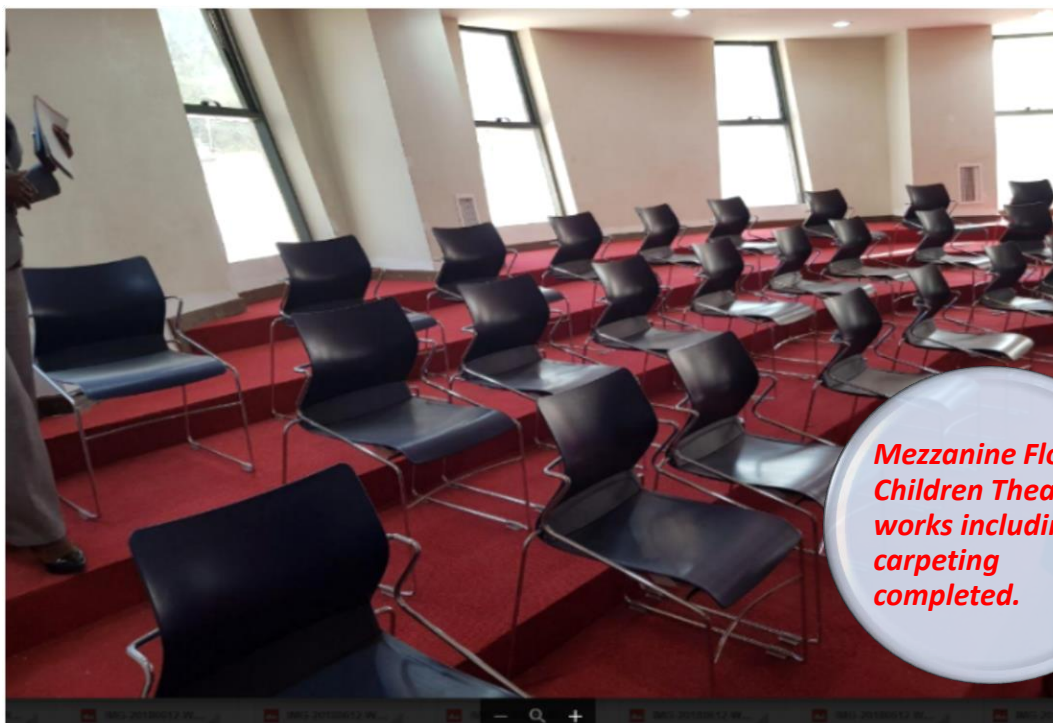




### 3.1.2 Status of ongoing works



**Gypsum ceiling  
works for  
headquarters  
offices  
currently  
ongoing**



**Mezzanine Floor  
Children Theatre  
works including  
carpeting  
completed.**







***Boundary wall  
fencing facing  
Haileselasie  
road***



***Electrical cabling  
and piping to 4th  
and 5th floor of  
Ragati wing***





### **3.2 Asset Revaluation for the period Ended 30<sup>th</sup> June 2018**

Knls management embarked on revaluation of all Board's properties and assets in July 2017. The aim of the exercise is to enable the Board update its assets inventory and reflect the current and fair value in its books of accounts. A total of 77 parcels of lands and buildings were to be covered through the exercise.

The exercise was undertaken jointly by officers from Ministry of Land and Physical Planning, Ministry of Transport, Infrastructure, Housing & Urban Development (State Department of Housing and Urban Development) and knls drawn from Finance, Planning and Audit Departments.

By the end of the year under review the evaluation had been completed awaiting the comprehensive valuation report from the team.

### **4.0 knls COMPLIANCE WITH STATUTORY REQUIREMENTS**

The Board has continued to make timely remittance of statutory deductions including; Pay As You Earn (PAYE), National Hospital Insurance Fund, National Social Security Fund, and Pension scheme in order to protect the welfare of its staff in retirement and hospital Insurance and, fully complied with statutory requirements during the year under review.

### **5.0 MAJOR RISKS FACING knls**

#### **Risks Analysis**

#### **Policy of the organization on risk management**

knls is committed to risk management as an integral part of its corporate governance and operations, developing strategies and systems to minimize risks.

knls is committed to:

- a) Developing a 'risk aware' culture in which people are encouraged to identify risks and respond to them quickly and effectively
- b) Ensuring our key stakeholders recognize that we manage risks responsibly
- c) Developing consistent risk management practices
- d) Organizational growth and cognizant of the inherent risks associated with strategy execution.

**Key risks the organization is exposed to;**

NO	TYPE OF RISK	SPECIFIC RISKS	MITIGATION
1.	<b>Human resource risk</b>	High staff turnover	knls will strive to improve staff welfare to enable her attract and retain competent staff
		Ageing workforce	knls will undertake a staff audit to identify and fill gaps appropriately
		Lack of Work commitment, ethics and integrity	knls will institutionalise , risk management , ethics and integrity training at the workplace
2.	<b>Operational Risks</b>	Lack of ownership documents for some parcels of land	knls worked with Government agencies to secure ownership documents for the parcels of land
		Failure to adhere to internal policies	knls will implement the rewards and sanctions policy
3.	<b>Social Risks</b>	Cultural practices that hinders library patronage e.g. FGM, early marriages, herding inter-community conflicts/war	knls will initiate in collaboration with stakeholders establishment of libraries in conflict prone areas as strategic intervention measure.
		Betting and lottery activities	knls will initiate library programs which are attractive to the vulnerable groups.
		Alcohol and substance abuse	knls will initiate library programs which are attractive to the vulnerable groups
		Online social sites – consuming a lot of time	knls will initiate library programs which are attractive to the vulnerable groups
		Terrorism: this scares people from attending the library due to fear of attack	knls will work with state agencies and implement counter terrorism controls at the work place
4.	<b>Compliance Risks</b>	Currently the knls Act, Cap 225 has not been aligned to the Constitution of Kenya 2010.	knls has initiated the process of repealing Cap 225 in line with the COK 2010
		Publishers do not comply with the provisions of Cap 111 and have not been depositing the legal deposits at knls	knls will initiate dialogue with the owners of Cap 111 to lobby for review of the same to ensure compliance
5.	<b>Technology Risk</b>	Rapid change in technology- people moving away from physical to digital books	knls will establish a virtual library during the planning period



**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

		Escalating cost of technology	knls will seek alternative sources of funds to bridge the funding gaps
		Inadequate systems and infrastructure	knls will seek alternative sources of funds to bridge the funding gaps
6.	<b>Financial Risk</b>	Heavy reliance on Government funding	knls will seek alternative sources of funds to bridge the funding gaps
		Fluctuating economy that could affect the capacity of development partners to support library projects.	knls will ensure that MOUs signed with development partners cover the whole of the project period
7.	<b>Political Risk</b>	Political unrest could lead to destruction of property and harm to the users and employees	knls will undertake insurance cover to mitigate against the uncertainty.
		Each new Government comes into office with its own manifesto and knls is expected to adjust its programs and projects so as to implement the agenda of the government of the day.	knls being a Government agency will work closely with the Government to ensure that its activities are aligned to the global Government objectives within the plan period
		Two levels of government i.e. at the County and National level.	knls will strive to establish collaborations and consultations at the two levels of Government as stipulated in the COK 2010
8.	<b>Strategic Risk</b>	Demand for library services have been growing over the years. There are large crowds wishing to access library services especially during the holiday season.	knls will work with stakeholders to ensure expansion of library facilities
9.	<b>Legal Risks</b>	Failure to adequately manage the contractual obligations Legal disputes including any dispute in which a legal claim is made, including employee misconduct, accidents, product liability	Knls will ensure compliance with provisions of all its contracts

## **6.0 MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS**

### **Compliance with Laws and Regulations and Standards**

The organization continued to comply with legal and regulatory requirements and the various Acts it operates under and as at the end of the quarter under review the Board did not have any material Statutory arrears or financial obligation.

## **7.0 FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES**

Knls Board recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness and integrity. The Board is responsible for overseeing the management of knls and provides guidance and directions in order to attain corporate objectives. To achieve these, the board has constituted four committees namely:

- i) Finance & Projects Development
- ii) Human Resource and Service Delivery
- iii) Audit and Risk
- iv) Marketing, Research & Resource Mobilization

Each of the above committees handles matters relating to their areas of operation and reports back to the full board for necessary action to be taken.

As at 30<sup>th</sup> June 2018, knls had no financial improbity or governance issues reported by internal audit, office of the Auditor General or any other national government agency providing oversight. The organization complied with the requirements of the Constitution of Kenya 2010.

## CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY REPORTING

### 1.0 CORPORATE CITIZENSHIP

Kenya National Library Service appreciates its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders: patrons, customers, staff development partners and the Government as a whole.

#### Education Promotion

In line with the Board's mandate, knls donates 40% of all books and information materials received from overseas development partners to support needy institutions, community centres to enhance collections of respective libraries resource centres and other related community empowerment centres.

The book donation has continued to make remarkable and valuable contribution in ensuring access to educational materials and improving quality for the disadvantaged schools in all corners of the country. Books donated are used to stock the libraries and hence uplifting the reading culture.

Teachers/students and community has benefited from social responsibility programmes where knls organizes for training workshops on relevant subjects/programmes.

#### Health care Promotion

##### Medical Camp at knls Kibera – 31<sup>st</sup> May 2018

knls Kibera organized a free medical camp in partnership with AMREF Health Africa, City Eye Hospital and Ushirika Medical Clinic & Maternity Services. The medical camp was attended by residents of Kibera and the Neighbouring Otiende Estate. Over 300 Community members benefited from the program as it afforded them an opportunity to easily access medical attention without having to pay any consultation fee.

For the cases that could not be handled at the Camp, patients were referred to other neighbouring hospitals for further attention. knls took the opportunity to raise awareness about the other services that the potential clients would enjoy at the library and encouraged the parents to send their children to the library.

### 1.2 SUSTAINABILITY REPORTING

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

- a) **Profit:** knls has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government
- b) **Social:** knls has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

- c) **Environment:** knls has undertaken an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability identified during the audit.

### **Zero Tolerance to Corruption**

The board has an elaborate corruption prevention programme and has undertaken various sensitization and training activities such as Corruption Risk Assessment and mitigation, implementing corruption control measures, all geared towards corruption eradication.

### **Customer Focus**

The Board is committed to meeting stakeholders requirements to their satisfaction by ensuring effective and efficient use of resources. It encourages continual improvement of its services and processes.

### **Sources of Revenue and Items of Expenditure**

The main sources of revenue are the Exchequer from Government, Appropriation in Aid and Donor funding. These are expended through payment of Salaries and Wages, Operational expense including utilities and donor programmes as the grants are conditional.

## **REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the kenya national library service board affairs.

### **Principal activities**

The principal activity of the Kenya National Library Service is to promote, establish, equip, manage, maintain and develop libraries in Kenya as a National Library Service;

### **Results**

The performance of knls for the year ended 30<sup>th</sup> June 2018 are set out on pages 1-36 in the subsequent pages of this document.

### **Directors**

The members of the Board of Directors who served during the year are shown on page vii-x. During the year Mr. Wenslas Ong'ayo - Alternate Rep. Ministry of Sports, Culture and Heritage retired from service on May 2018 and was replaced by Madam Jane N. Nzau.

Madam Abshiro Halake resigned on 28<sup>th</sup> September 2017 and is yet to be replaced.

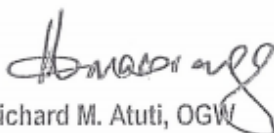
### **Dividends/Surplus Remission**

Knls is a service State Corporation and does not generate surplus funds. All the AIA generated from the various income streams forms part of its total budget. The entity did not make any surplus during the year 2017/2018 and hence no remittance to the Consolidated Fund.

### **Auditors**

The Auditor General is responsible for the statutory audit of the *Kenya National Library Service* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

  
Richard M. Atuti, OGW

CHIEF EXECUTIVE OFFICER, KNLS

Date: 13.05.2019



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, requires the Directors to prepare financial statements in respect of Kenya National Library Service which give a true and fair view of the state of affairs of the Board at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the Kenya National Library Service Board maintain proper accounting records which disclose with reasonable accuracy the financial position. The Directors are also responsible for safeguarding the assets of Kenya National Library Service

They are also responsible for the preparation and presentation of financial statements, which give a true and fair view of the state of affairs of the Board as at the end of the financial year ended on June 30, 2018. This responsibility includes: -

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Kenya National Library Service Board.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Kenya National Library Service Board.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

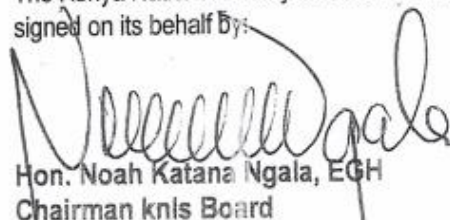
The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) accrual basis and in the manner required by the PFM Act 2012 and the State Corporations Act. The Directors are of the opinion that financial statements give a true and fair view of the state of the Board's transactions during the financial year ended June 30, 2018, and financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

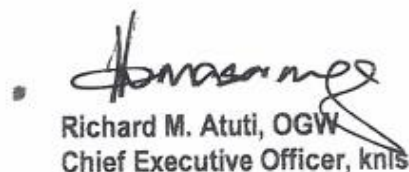
Nothing has come to the attention of the Directors to indicate that the Kenya National Library Service Board will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Kenya National Library Service Financial Statements were approved by the Board on 27<sup>th</sup> September 2018 and signed on its behalf by:

  
Hon. Noah Katana Ngala, EGH  
Chairman knls Board

Date...14.5.2019

  
Richard M. Atuti, OGW  
Chief Executive Officer, knls

Date...13.9.2019

**REPUBLIC OF KENYA**

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenno.go.ke



P.O. Box 30084-00100  
NAIROBI

**OFFICE OF THE AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL LIBRARY SERVICE  
FOR THE YEAR ENDED 30 JUNE 2018**

**REPORT ON THE FINANCIAL STATEMENTS**

**Qualified Opinion**

I have audited the accompanying financial statements of Kenya National Library Service (KNLS) set out on pages 1 to 38, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya National Library Service as at 30 June, 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya National Library Service Board Act, Cap 225 of 1965.

**Basis for Qualified Opinion**

**1. Deficit from Operations**

The Kenya National Library Service (KNLS) recorded a deficit of Kshs.89,513,759 for the year ended 30 June 2018. Similarly, the statement of financial position as at 30 June 2018 reflects an accumulated fund balance of Kshs.1,471,461,059 against a balance of Kshs.1,534,966,244 as at 30 June 2017 representing a decrease of Kshs.63,505,185.

KNLS has attributed this negative trend to additional expenditure incurred on establishment, equipping and operationalization of new libraries across the country as well as internet connectivity to all the 62 branches without enhanced budget support from the National Treasury.

In consequence, KNLS long term service sustainability depends on Government and creditors support.



## **2. Failure to Provide for Depreciation on Library Books**

During the year under review, KNLS purchased 29 books at a cost of Kshs.50,000 and also received a donation of 61,588 books valued at Kshs.61,049,896 from Book Aid International (BAI) bringing the stock of books as at 30 June 2018 to 1,640,379 with a total valuation of Kshs.887,917,390.

Similarly, as previously reported, KNLS did not subject the books (assets) to depreciation charge in line with the requirements of IPSAS 17 as the policy on depreciation of books was said to be in draft form and had not been approved and adopted for implementation by the board.

In the circumstances, it has not been possible to confirm the accuracy of Kshs.887,917,390 balance in respect of books stock reflected in the statement of financial position as at 30 June 2018.

## **3. Lack of Insurance Cover for Books**

The statement of financial position as at 30 June 2018 reflects a balance of Kshs.887,917,390 in respect of Library books. However, KNLS does not have an insurance cover for its stock of library books. As a result, the Kenya National Library Service is exposed to loss without compensation in case of loss of books through, theft, fire outbreak or any other natural calamity.

## **4. Fully Depreciated Assets**

The statement of financial position as at 30 June 2018 reflects a balance of Kshs.3,310,815,724 in respect of property, plant and equipment which excludes fully depreciated fixed assets but which were still in use with an original cost of Kshs.123,223,318. Although the management indicated that revaluation of fixed assets had been carried out during the year under audit it was not clear why the revalued amounts had not been shown in the financial statements.

Consequently, the accuracy and valuation of the property, plant and equipment balance of Kshs.3,310,815,724 as at 30 June 2018 could not be ascertained.

## **5. Land without Ownership Documents**

As previously reported, included in the Property Plant and Equipment balance of Kshs.3,310,815,724 as at 30 June 2018 is an amount of Kshs.430,250,000 in respect of land. However, the value of land excludes amounts for thirty-five (35) parcels of land of unknown value with partial or no ownership documents. Although the management has provided correspondences with the Ministry of Lands and Physical Planning – Department of Physical Planning indicating progress made towards valuation and obtaining the title documents, however, the amount for property, plant and equipment is

understated by the value of the omitted parcels of land. In addition, in the absence of title documents, the security of the said parcels of land is not guaranteed.

Under the circumstances, the completeness and valuation of land disclosed in the financial statements as at 30 June 2018 could not be confirmed.

## **6. Delayed Completion of the Proposed National Library and Headquarters**

As previously reported, the construction of the proposed National Library and Headquarters was awarded to M/S K.G. Patel Sons Limited - Building & Civil Engineering Contractors on 2 March 2012 at a contract sum of Kshs.2,055,200,200 and was set to be completed by April 2016 (revised in 2017/2018 to 20 March, 2020).

Audit inspection carried out in March, 2019 revealed that one wing had been completed and handed over to the management and substantial progress had been made on the second wing but the third wing was still at the foundation stage with the total amount certified of Kshs.2,070,618,858 representing 86% of the appraised project cost. This was in spite of the fact that the initial contract period had been exceeded by about 3 years.

The Board in its meeting dated 29 June, 2017 noted that cost for some of the project works had escalated due to delayed completion resulting to price increases and that emerging new technologies had rendered some of the proposed service installations obsolete leading to further cost escalations.

On 30 May 2017 a project financial appraisal No.3 was performed by the M/S Procosts Ltd Consultants, who revised the final cost of the project to a sum of Kshs.2,409,876,499.91.

The management should ensure that the project is completed with no further extension of time and variations which have increased cost of works by Kshs.354,676,299.91 or 17.26% on the initial contract sum of Kshs.2,055,200,200 in addition to Kshs.64,804,597 interest and penalties paid to consultants on delayed payments.

In consequence, the Service risks further projects costs and penalties/interests.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya National Library Service in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Key Audit Matter**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

## **Emphasis of Matter**

## **Budget and Budgetary Performance**

### **1. Recurrent Revenue**

The Library had budgeted for recurrent revenue totalling Kshs.751,630,768 but actual realized amounted to Kshs.744,464,187 resulting to a shortfall of Kshs.7,166,581 or 1% as tabulated below:

<b>Revenue</b>	<b>Budget Kshs.</b>	<b>Actual Kshs.</b>	<b>Excess/(Shortfall) Kshs.</b>	<b>Variance</b>
Government Grants -Recurrent	605,231,084	605,231,084		
Government Grants-Inter-Account Refund (CBA 2012)	66,547,316	66,547,316		
Education & Book Supply				
Roll Over Donations	7,594,572	7,594,572		
Public Contribution & Donations	8,758,996	8,823,217	64,221	1
Appropriation In Aid (AIA)	63,498,800	56,267,998	(7,230,802)	11
<b>Total</b>	<b>751</b>	<b>744,464,187</b>	<b>(7,166,581)</b>	<b>1</b>

The shortfall was mainly on receipts from AIA which had a budget of Kshs.63,498,800 but only Kshs.56,267,998 was realized which was attributed to a decline in the number of customers that patronized the library network due to the electioneering period.

### **1.1 Recurrent Expenditure**

The Library had budgeted for recurrent expenditure totalling Kshs.682,083,452 but a total of Kshs.712,257,414 was spent occasioning a Kshs.30,173,962 or 4% over-expenditure as follows:

<b>Expenditure</b>	<b>Budget Kshs.</b>	<b>Actual Kshs.</b>	<b>Over/(Under) Kshs.</b>	<b>Variance</b>
Compensation of Employees	527,915,112	529,442,429	1,527,317	
Travel Costs	6,276,000	11,691,701	5,415,701	86
General Expenses	99,911,207	106,335,413	6,424,206	6
Utilities	14,450,000	17,606,548	3,156,548	22
Repair Maintenance	14,487,926	25,101,099	10,613,173	73
Boards Expenses	19,043,207	22,080,224	3,037,017	16
<b>Total</b>	<b>682,083,452</b>	<b>712,257,414</b>	<b>30,173,962</b>	<b>4</b>



The over-expenditure of Kshs.30,173,962 under the recurrent vote was not approved by the Board and National Treasury and was therefore an excess vote.

## **2 Development Expenditure**

Kenya National Library Service had budgeted for development expenditure totalling Kshs.549,454,159 but actual amount spent during the year under audit amounted to Kshs.393,531,221 occasioning an under-expenditure of Kshs.155,922,938 or 28% as follows:

Expenditure	Budget Kshs.	Actual Kshs.	Over/(Under) Kshs.	Variance
National Library & KNLS Headquarters	502,022,450	372,837,690	(129,184,760)	26
Refurbishment of Buildings	8,261,095	4,946,364	(3,314,731)	40
Asset Revaluation	4,016,865	4,159,945	143,080	4
Support to Community Based Libraries	2,800,000	3,609,072	809,072	29
Other Capital Expenditure	32,353,749	7,978,150	24,375,599	75
<b>Total</b>	<b>549,454,159</b>	<b>393,531,221</b>	<b>155,922,938</b>	<b>28</b>

The Under-expenditure was mainly attributed to the National Library of Kenya/KNLS Headquarters construction project which had a budget of Kshs.502,022,450 but actual amount paid totalled Kshs.372,837,690. The management has explained that this was occasioned by slow progress in implementation of the project by the contractors due to time consuming process of importation of materials for finishes works.

## **Prior Years Unresolved Issues**

### **Outstanding Audit Fees**

As previously reported, the statement of financial performance for the year ended 30 June 2017 reflect unpaid audit fees in respect of audit services provided by the Office of the Auditor-General for a period of three years totalling Kshs.1,980,000.

A review of the matter in the year under audit showed that an amount of Kshs.700,000 was paid while an additional provision of Kshs.660,000 was made for audit fees for the year bringing the outstanding balance as at 30 June 2018 to Kshs.1,980,000. It is not clear why the client has not cleared the outstanding audit fees.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS**

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing KNLS's ability to sustain services, disclosing, as applicable, matters related to sustainability of

services and using the applicable basis of accounting unless the management either intends to liquidate the National Library Service or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the KNLS's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

#### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My



consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with KNLS's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on KNLS's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause KNLS to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of KNLS to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**27 May 2019**



**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2018**

		<b>2017/2018 KSHS.</b>	<b>2016/2017 KSHS.</b>
<b>Revenue from non-exchange transactions</b>	<b>NOTE</b>		
Transfers from government	<b>6</b>	602,231,084	696,727,316
Other Grants		-	-
Earned income	<b>7</b>	7,093,086	6,572,393
Conditional Grants met	<b>7a</b>	9,816,113	9,453,329
<b>Sub-Total</b>		<b>619,140,283</b>	<b>712,753,038</b>
<b>Revenue from exchange transactions</b>			
Interest Income	<b>8</b>	7,850	39,202
Rental income from facilities	<b>9</b>	34,085,784	37,864,345
Rendering of Services	<b>10</b>	120,789	176,652
Library Fees	<b>11</b>	16,483,493	16,420,955
Other Income	<b>12</b>	5,577,932	16,109,157
<b>Sub-Total</b>		<b>56,275,848</b>	<b>70,610,311</b>
<b>Total Revenue</b>		<b>675,416,131</b>	<b>783,363,349</b>
<b>Expenditure</b>			
Employee costs	<b>13</b>	529,442,429	604,071,339
Travel Costs	<b>14</b>	11,691,701	8,586,119
General Expenses	<b>15</b>	106,335,413	103,680,721
Utilities	<b>16</b>	17,987,276	14,897,400
Repairs and Maintenance Cost	<b>17</b>	25,101,099	19,088,751
Boards Expenses	<b>18</b>	22,080,224	17,787,472
Depreciation & Amortisation	<b>19</b>	52,291,747	51,349,962
<b>Total Expenditure</b>		<b>764,929,889</b>	<b>819,461,764</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(89,513,759)</b>	<b>(36,098,414)</b>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

		2017/2018	2016.2017
	NOTES	KSHS	KSHS
<b>CURRENT ASSETS</b>			
Cash & Bank balances	20	223,135,457	92,664,583
Receivables from exchange transactions	21	14,090,032	4,369,243
Receivables from non-exchange transactions	22	5,677,302	4,730,298
Inventory	23	5,761,123	6,397,399
Prepayment	24	-	6,042,193
<b>Sub -Total</b>		<b>248,663,915</b>	<b>114,203,716</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	25	3,310,815,724	2,962,635,149
Intangible Asset	26	1,741,099	1,839,160
Stock - Books	27	887,917,390	832,029,802
<b>Sub-Total</b>		<b>4,200,474,211</b>	<b>3,796,504,111</b>
<b>TOTAL ASSETS</b>		<b>4,449,138,126</b>	<b>3,910,707,827</b>
<b>CURRENT LIABILITIES</b>			
Trade payables from exchange transactions	28	207,520,284	154,166,924
Provisions for Gratuity	29	3,372,800	2,182,400
Deferred income	30a	285,769,045	227,291,733
<b>TOTAL LIABILITIES</b>		<b>496,662,129</b>	<b>383,641,057</b>
<b>NET ASSETS</b>			
Accumulated Fund		1,471,461,059	1,534,966,244
Revaluation Reserve		313,694,455	313,694,455
Capital Reserve		2,167,320,483	1,678,406,070
<b>TOTAL EQUITY</b>		<b>3,952,475,997</b>	<b>3,527,066,769</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>4,449,138,126</b>	<b>3,910,707,828</b>

  
Richard M. Atuti, OGW  
Chief Executive Officer

  
CPA, Jack Wafula  
Deputy Director (F&A)  
ICPAK Member No.R/10685

  
Hon. Noah Katana Ngala, EGH  
Chairman, knls Board

Date...13.05.2019

Date...13<sup>th</sup> May 2019

Date...14<sup>th</sup> May, 2019

**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Accumulated Fund	Revaluation/ Additions	Capital Reserves	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 30th June 2016</b>	<b>1,557,311,180.00</b>	<b>313,694,455.00</b>	<b>1,647,614,015.00</b>	<b>3,518,619,650.00</b>
Adjusted for:				
Capital reserve			133,000,000.00	133,000,000.00
Prior year adjustment:				-
Interest on delayed payment			(15,834,071.76)	(15,834,071.76)
Capitalisation	12,724,139.69		(12,724,139.69)	-
Expenses: Works on CA project	1,029,330.00		(1,029,330.00)	-
Interest & Penalties			(3,073,090.00)	(3,073,090.00)
Expenses: Inter Account Transfer			(69,547,316.00)	(69,547,316.00)
Deficit for the year	(36,098,414.73)			(36,098,414.73)
<b>Balance as at 30th June 2017</b>	<b>1,534,966,234.96</b>	<b>313,694,455.00</b>	<b>1,678,406,067.55</b>	<b>3,527,066,757.51</b>
<b>Balance as at 30th June 2017</b>	<b>1,534,966,235</b>	<b>313,694,455</b>	<b>1,678,406,067.55</b>	<b>3,527,066,757.51</b>
Adjusted for:				
Capital reserve		-	445,666,000.00	445,666,000.00
Reimbursed Inter Account Transfer			69,547,316.00	69,547,316.00
Prior year adjustment:	(290,318.00)	-		(290,318.00)
Interest on delayed payment		-	-	-
Capitalization	14,065,371	-	(14,065,370.76)	-
Expenses	12,233,530	-	(12,233,530.00)	-
Deficit for the year	(89,513,759)	-		(89,133,030.71)
<b>Balance as at 30th June 2018</b>	<b>1,471,461,059</b>	<b>313,694,455</b>	<b>2,167,320,482</b>	<b>3,952,475,996.80</b>

**Nature and purpose of reserves**

knls creates and maintains reserves in terms of specific requirements as follows

- i) Capital Reserve – this is used to record contribution made by Government inform of development grants transfers
- ii) Revaluation Reserve – this is used to indicate the re-valued amounts on the plant property and equipment, and any other adjustments on the same.

## **STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/2018 Kshs	2016/2017 Kshs.
<b>Net cash flows from operating activities</b>	<b>31</b>	<b>10,168,428</b>	<b>43,351,283</b>
<b>Cash flows from investing activities</b>			
Purchase of Fixed Assets	25	(16,235,377)	(85,036,570)
Additions of Software	26	(1,827,650)	(168,000)
Purchase of books	27	(50,000)	(5,643,679)
Additions in Work in Progress	25	(376,797,838)	(322,517,381)
<b>Net Cash Outflow From Investing Activities</b>		<b>(394,910,865)</b>	<b>(413,365,630)</b>
<b>Cash Flows from Financing Activities</b>			
GOK Grants		515,213,316	133,000,000
Inter account transfer			(69,547,316)
<b>Net Cash inflows from Financing Activities</b>		<b>515,213,316</b>	<b>63,452,684</b>
(Decrease)/Increase in Cash and Cash Equivalents		130,470,879	(306,561,663)
Cash and Cash Equivalents Beginning		<b>92,664,578</b>	<b>399,226,241</b>
Cash and Cash Equivalents Ending		223,135,457	92,664,578

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**A. RECURRENT BUDGET**

	Approved Budget 2017/18	Virement 2017/18	Final Budget 2017/18	Comparable Actuals	Performance Difference	% Variance	Remarks on Material Variance +/- 10%
<b>REVENUES</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>		
Government Grants -Recurrent	602,230,684	400	602,231,084	602,231,084	-	0.0%	
Government Grants -(CBA 2012)	66,547,316	-	66,547,316	66,547,316	-	0.0%	
Inter account transfer	3,000,000		3,000,000	3,000,000			
Roll Over Donations	7,594,572	-	7,594,572	7,594,572	-	0.0%	
Public Contribution and Donations	-	(8,758,996)	8,758,996	8,823,217	64,221	0.7%	
Appropriation In Aid	63,500,000	(1,200)	63,498,800	56,267,998	(7,230,802)	(11.4%)	a
<b>Total</b>	<b>742,872,572</b>	<b>(8,759,796)</b>	<b>751,630,768</b>	<b>744,464,187</b>	<b>(7,166,581)</b>	<b>(1.0%)</b>	
<b>Less: -Inter-Account Refund (CBA 2012)</b>	<b>(69,547,316)</b>	<b>-</b>	<b>(69,547,316)</b>	<b>(69,547,316)</b>	<b>-</b>	<b>0.0%</b>	
<b>Total Revenue</b>	<b>673,325,256</b>	<b>(8,759,796)</b>	<b>682,083,452</b>	<b>674,916,871</b>	<b>7,166,581</b>		
<b>EXPENDITURE</b>							
Compensation of Employee	539,304,712	(11,389,600)	527,915,112	529,442,429	(1,527,317)	-0.3%	
Travel Costs	6,000,000	276,000	6,276,000	11,691,701	(5,415,701)	-86.3%	b
General Expenses	89,373,618	10,537,589	99,911,207	106,335,413	(6,424,206)	-6.4%	
Utilities	14,300,000	150,000	14,450,000	17,987,276	(3,537,276)	-24.5%	c
Repair Maintenance	12,346,926	2,141,000	14,487,926	25,101,099	(10,613,173)	-73.3%	d
Boards Expenses	12,000,000	7,043,207	19,043,207	22,080,224	(3,037,017)	-15.9%	e
<b>Total Expenditure</b>	<b>673,325,256</b>	<b>8,758,196</b>	<b>682,083,452</b>	<b>712,638,142</b>	<b>(30,554,690)</b>		



**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

**B. DEVELOPMENT BUDGET**

	Approved Budget 2017/2018	Adjustments	Final Budget 2017/2018	Actual on comparable basis	Performance Difference	% Variance	Remarks on material variances above 10%
<b>Revenue</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>		
Government grants	520,000,000.00	(74,334,000.00)	445,666,000.00	445,666,000.00	-	100	
Government grants-Inter-Account Transfers	69,547,316.00		69,547,316.00	69,547,316.00	-	100	
Roll over funds	34,240,843.00		34,240,843.00	34,240,843.00	-	100	
<b>Total Income</b>	<b>623,788,159.00</b>	<b>(74,334,000.00)</b>	<b>549,454,159.00</b>	<b>549,454,159.00</b>	<b>-</b>	<b>100</b>	
					-		
<b>Expenses</b>					-		
National Library of Kenya	569,191,450.00	(67,169,000.00)	502,022,450.00	372,837,689.81	129,184,760	25.7	<b>f</b>
Refurbishment of Buildings	24,006,110.00	(15,745,015.00)	8,261,095.00	4,946,364.00	3,314,731	40.1	<b>g</b>
Support to Community Based Libraries	2,800,000.00		2,800,000.00	3,609,072.40	(809,072)	(28.9)	<b>h</b>
Asset Revaluation	3,000,000.00	1,016,865.00	4,016,865.00	4,159,945.00	(143,080)	(3.6)	
Other capital Expenditure	24,790,599.00	7,563,150.00	32,353,749.00	7,978,150.00	24,375,599	75.3	<b>i</b>
<b>Total expenditure</b>	<b>623,788,159.00</b>	<b>(74,334,000.00)</b>	<b>549,454,159.00</b>	<b>393,531,221.21</b>			
					-		
<b>Balance for the period</b>	<b>-</b>			<b>155,922,937.79</b>	<b>(155,922,938)</b>		

- Payments on the ongoing construction of the National Library of Kenya are made on account of certificates for work done.

## **NOTES TO THE STATEMENT OF BUDGET COMPARISON**

### **a. Appropriation in Aid**

In the year under review, The AIA target was not achieved due to a decline in the customer numbers that patronised the library network occasioned by the long electioneering period.

### **b. Travel Costs**

The variance in the **Travel costs** amounting to Kshs.11,691,701 (86%) is attributed to:

- a. Facilitation of Board's programmes and enhanced MOU's with donor that results to more sponsorship of staff to international conferences and mentorship programmes. All these were within the mandate to enhance service delivery.
- b. An amount of Kshs.4,159,945 that was paid as per diems to officers from the Ministry of Lands and Physical planning, Ministry of Transport, Infrastructure, Housing and Urban Development – under the State Department of Housing and Urban Development and knls staff from the Finance, Planning and Audit Departments.

### **c. Utilities**

The **Utilities** expenditure includes water and electricity Board Expenses has a variance of (25%) occasioned by

- a. The opening of Gatimbi Library to the public in December 2017.
- b. An increase in the tariffs
- c. Purchase of water from vendors during the low water levels.

### **d. Repairs and Maintenance Cost**

The variance in this vote item is attributed to:

- a. Cost of refurbishment of old library furniture after relocation of services from the old library building to the New –Ultra Modern Library Building at Community – Upper Hill. The Board resolves to refurbish and redistribute the same to other deserving branches.
- b. The major repair undertaken to one of the Boards vehicles after it engine ceased.

### **e. Board Expenses**

The board budget variance of 16% was as result of extra meetings and activities of the Board not included in the board calendar but had to be undertaken for effective oversight role of the board. These included: -

- End-Term Evaluation of Strategic Plan 2012-2017
- Adoption of The Draft knls 2017-2022 Strategic Plan
- Code of Governance for State Corporations - Mwongozo under Article 1.12, knls Board conducted its annual self-evaluation

### **f. National Library of Kenya & knls Headquarters**

This is a multi-year project that commenced in April 2012. Payments to various contractors and consultants engaged on the project are done based on valuation of work done and issuance of valuation certificate by the Project Manager. As at the end of the year under review finishes works

to Ragati Road Wing and headquarter offices were ongoing and the budget balance on this vote to be used to defray costs of these works.

**g. . Refurbishment of Libraries**

The budget underperformance of 40% was occasioned by budgetary cuts by the National Treasury.

**h. Support to Community based Libraries**

The budget underperformance of (29) % was occasioned by budgetary cuts by the National Treasury.

**i. Other development expenditure**

The budget underperformance of (75) % was occasioned by budgetary cuts by the National Treasury.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Kenya National Library Service is established by and derives its authority and accountability from Act of Parliament, CAP 225 of the Laws of Kenya. knls is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity is to promote, establish, equip, manage, maintain and develop libraries in Kenya as a National Library Service;

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the knls accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the knls.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 39: Employee Benefits</b>	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

- ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

Standard	Effective date and impact:
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

- iii. **Early adoption of standards**  
Kenya National Library Service *did not* early – adopt any new or amended standards in year 2018.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

##### **Fees, taxes and fines**

Kenya National Library Service recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the knls and the fair value of the asset can be measured reliably.

##### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to knls and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

Kenya National Library Service recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of



completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

### ***Sale of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to knls.

### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

## **b) Budget information**

The original budget for FY 2017-2018 was approved by the National Assembly on 11<sup>th</sup> June 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of knls. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or organisation's differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

## **c) Taxes**

### ***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the knls operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

### **Value Added Tax**

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### **Taxation**

knls is exempted from taxation and therefore no provision for tax liability has been made in financial statements

### **d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

### **e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, knls recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated on a straight line basis at the following rates:

<b>Description</b>	<b>Annual Rate</b>
- Freehold land	Nil
- Buildings	2%
- Motor vehicles	25%
- Fixtures, furniture & fittings	12.5%
- Equipments	20%
- Computers	33%
- Capital work in progress is not depreciated until such a time as the asset is brought into use.	

#### **f) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets shall be amortised over their useful life on a straight line basis. Subsequent expenditures on intangible assets shall be recognized as an expense for the period that it is incurred.

#### **g) Research and development costs**

All research costs are expensed as incurred.

Development costs are capitalised only after technical and commercial feasibility of the resulting product or service have been established.

#### **h) Financial instruments**

##### ***Financial assets***

##### ***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. knls determines the classification of its financial assets at initial recognition.

##### ***Impairment of financial assets***

knls assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events

that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### ***Financial liabilities***

#### ***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. knls determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### **i) Inventories**

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of knls.

#### ***Contingent liabilities***

knls does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

#### ***Contingent assets***

knls does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of knls in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

knls creates and maintains reserves in terms of specific requirements as follows

- iii) Capital Reserve – this is used to record contribution made by government in form of development grants transfers
- iv) Revaluation Reserve – this is used to indicate the re-valued amounts on the plant property and equipment, and any other adjustments on the same.

**l) Changes in accounting policies and estimates**

knls recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**m) Employee benefits**

**Retirement benefit plans**

knls provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**o) Related parties**

knls regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**p) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible



to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Kenya Commercial Bank and Mpesa holding account at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**q) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**r) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the knls financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

### **Critical accounting judgments in applying the organisation's accounting policies**

#### ***Impairment losses on trade and other receivables***

The organisation reviews its trade and other receivables to assess impairment regularly. In determining whether an impairment loss should be recognised through profit or loss, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables, before a decrease can be identified. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers or local economic conditions that correlate with defaults on assets in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. knls based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of knls. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

## **Key sources of estimation uncertainty**

### ***Impairment of assets***

At the end of each reporting period, the authority reviews the carrying amount of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment (if any).

### **Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by knls
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

### **Fair value estimation – financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### **Provisions**

Provisions are recognized when knls has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Where knls expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**REVENUE FROM NON EXCHANGE TRANSACTIONS**

	2017/2018 Kshs.	2016/2017 Kshs.
<b>6 Transfers from other Governments</b>		
<b>Unconditional Grants</b>		
Govt Grants- Recurrent Grants	671,778,400	603,000,000
- Book grants - FY 2016/2017	-	11,780,000
- Book grants - FY 2015/2016		12,400,000
- Inter account transfers	(69,547,316)	69,547,316
<b>Total</b>	<b>602,231,084</b>	<b>696,727,316</b>

6b	Name of Entity sending the grant	Amount recognised to Statement of Comprehensive Income	Amount Deferred	Amount recognised in Capital fund	Total grant income during the year	2016/2017
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
	Ministry of Sports and Heritage	602,231,084.00	-	515,213,316	1,117,444,400	760,180,000

	2017/2018	2016/2017
<b>7 Earned income (Fixed Asset Donations)</b>	7,093,086	6,572,393
<b>7a Reconciliation of public contributions and donations</b>		
<b>Balance unspent at the beginning of year</b>	217,614,457	169,033,069
Current year receipts - Books	61,049,896	48,262,812
- Cash	8,823,217	9,771,905
Conditions met - transferred to revenue (Cash)	(9,816,113)	(9,453,329)
<b>Conditions to be met - remain liabilities</b>	<b>277,671,457</b>	<b>217,614,457</b>
<b>7b Public contributions and donations</b>		
Cash Donations - BAI	3,453,300	3,914,659
- US Embassy	762,500	511,500
- EiFL	3,125,948	3,951,419
- Others	1,481,469	1,394,327
<b>Total</b>	<b>8,823,217</b>	<b>9,771,905</b>

	2017/2018	2016/2017
<b>REVENUE FROM EXCHANGE TRANSACTION</b>		
<b>8 Interest Received</b>	7,850	39,202
<b>9 Rental income from facilities</b>		
Hire Of Halls	848,940	1,588,580

**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

Bill Boards	-	-
Parking Charges	200	1,900
Rent	29,889,018	33,012,129
Service charge from rentals	3,347,626	3,261,736
<b>Total</b>	<b>34,085,784</b>	<b>37,864,345</b>
<b>10 Rendering of Services</b>		
Photocopies	15,315	6,780
Knab & Kpd Sales	11,196	10,350
Internet And E-Mail	11,278	45,304
Consultancy Services	83,000	114,218
<b>Total</b>	<b>120,789</b>	<b>176,652</b>
<b>11 Library Fees</b>		
Membership Fees- Institution	722,310	766,300
Membership Fees - Communities/Religious	-	-
Entrance Fees - Foreigners	-	-
Entrance Fees - Non Members	14,248,620	13,829,060
Daily access - Executive	254,840	276,620
Book loan fees - Adult	926,163	1,111,335
Book loan fees - Junior	331,560	437,640
<b>Total</b>	<b>16,483,493</b>	<b>16,420,955</b>
<b>12 Other Income</b>		
Sundry Income	760,880	729,247
Books Recovered	31,822	-
Fines and Overdues	647,998	719,166
Disposal Income	145,241	156,482
Hire Of Chairs/ Tents	9,545	17,930
Gain on Sale of Fixed Assets	-	-
Sale Of Tenders	-	3,000
Clearing Fee	1,452,632	293,670
Commission from payroll deductions	117,717	117,440
Attachment Charges	150,660	221,500
Lost And Paid For Books(100%)	209,805	220,808
Annual Renewal Fee	-	-
ISBN Fees	1,839,500	1,834,500
Salary On Resignation	121,775	106,876
Lost And Paid For Books (Original)	71,667	82,113
Forex Gain	-	3,391
Resurfaced Books	18,691	26,654
Insurance claims	-	11,576,380
<b>Total</b>	<b>5,577,932</b>	<b>16,109,157</b>

<b>13 Employee Costs</b>		
Basic Salary (Permanent Employees)	275,460,601	314,566,253
Casual Labour	7,954,893	6,748,710
House Allowance	122,934,940	138,726,891
Acting Allowances	-	-
Extra Duty Allowance	29,267	-
Hardship Allowance	8,717,005	10,934,312
Medical Allowance	10,172,399	10,181,390
Special Duty Allowances	964,211	597,773
Other Allowances-Remunerative	2,160,000	2,160,000
Leave Allowance	4,589,000	4,587,500
Refund Of Medical Expenses-Inpatient	161,960	498,349
Personal Assistance Allowance	540,000	720,000
Other Allowances-Bicycle	253,600	66,413
Commuter Allowance	41,234,684	41,159,530
Employer Contribution To Pension Scheme	54,269,869	61,547,838
Insurance Claims	-	11,576,380
<b>Total</b>	<b>529,442,429</b>	<b>604,071,339</b>
<b>14 Travel Costs</b>		
Travel Costs-Domestic	911,953	1,254,407
Accommodation-Domestic	5,705,945	2,856,650
Daily Subsistence-Domestic	2,465,103	2,934,737
Sundry Items Domestic	150,980	426,920
Passage And Transfers Expenses	1,057,974	441,353
Travel Cost-Foreign	373,862	-
Daily Subsistence-Foreign	940,727	633,942
Sundry Items - Foreign	85,157	38,110
<b>Total</b>	<b>11,691,701</b>	<b>8,586,119</b>
<b>15 General Expenses</b>		
Telephone & Mobile Phone Services	2,965,199	2,621,775
Internet Connections	6,258,890	5,764,307
Courier & Postal Services	1,769,108	1,551,927
Printing & Stationery	300,766	265,312
Printing & Stationery :Newsletters	96,600	-
Printing & Stationery : KNB & KPD	127,500	-
Publishing & Printing Services	136,616	307,891
Subscription To Newspaper, Mag	4,564,208	3,181,649
Advertising,Awareness & Public	2,605,304	7,295,796
Advertising,Awareness & Public : Talkshows	3,500	-
Advertising,Awareness & Public ; Bai	1,714,440	-
Advertising,Awareness & Public : Eifl	2,485,311	-
Advertising,Awareness & Public : US Embassy	455,000	-



**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

Trade Shows & Other Exhibition	174,000	423,150
Publicity Materials	174,000	-
Rent & Rates-Non-Residential	825,298	600,000
Catering Expenses	1,495,582	1,416,338
Insurance General	14,506,465	12,258,634
Veterinarian Supplies	-	-
Purchase Of Uniform & Clothing	481,704	433,859
Library Processing Tools,Magnetic strips	2,114,562	928,333
Education & Supplies	245,761	1,623,065
General Office Supplies	3,052,613	2,408,808
Supplies & Accessories For Com	931,324	338,176
Sanitary & Cleaning Materials	758,334	680,527
Contracted Guards & Cleaning	24,643,047	22,941,152
Transport Costs & Charges For	4,683,488	5,956,306
Legal Dues, Arbitration & Comp	1,300,825	3,983,923
Contracted Professional Services	2,479,575	157,780
Withdrawn books	5,231,000	7,914,397
Bad Debt	-	11,490
Provision for bad & doubtful debts	-	4,826,855
Travel,Accomodation,Tuition Fees	11,621,215	6,753,623
Bank & Mpesa Charges/Commission	825,639	731,563
Management Fee-Audit Fee	660,000	700,000
Purchase Of Coffins & Other Miscellaneous exps	404,340	1,005,750
Membership Fees,Dues &Subscription	833,573	973,354
Research & Development	327,110	239,000
Monitoring & Evaluation	971,268	1,426,236
Medal & Awards	59,500	303,200
Refined Fuels & Lubricants For	4,032,210	3,656,545
Foreign Exchange loss	20,539	-
<b>Total</b>	<b>106,335,413</b>	<b>103,680,721</b>
<b>16 Utilities</b>		
Electricity	13,472,268	10,705,369
Water And Sewerage Charges	4,515,008	4,192,031
<b>Total</b>	<b>17,987,276</b>	<b>14,897,400</b>
<b>17 Repairs and Maintenance Cost</b>		
Repair, Maintenance: Buildings	3,087,411	3,270,676
Repair, Maintenance: Furniture	5,424,746	326,932
Repair, Maintenance: Equip	3,396,762	3,471,628
Repair ,Maintenance: Motor vehicle	6,207,233	1,813,546
Repair, Maintenance: Computer	6,984,947	10,205,969
<b>Total</b>	<b>25,101,099</b>	<b>19,088,751</b>

<b>18 Board Expenses</b>			
Chairman's Honorarium		1,044,000	1,044,000
Directors' allowances & Other expenses		15,654,769	14,561,891
Other allowances & Board Expenses		5,381,455	2,181,581
<b>Total</b>		<b>22,080,224</b>	<b>17,787,472</b>
<b>19 Depreciation &amp; Amortisation Expense</b>			
Property, Plant & Equipment		50,366,037	49,666,802
Intangible Assets		1,925,710	1,683,160
<b>Total</b>		<b>52,291,747</b>	<b>51,349,962</b>
<b>20 Cash and Cash Equivalents</b>	<b>Account No.</b>	<b>2017/2018</b>	<b>2016/2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Cash in hand		116,133	92,352
Mpesa Account		51,793	12,605,410
Pesa Pal Account		3,645,505	2,117,015
Bank Recurrent account	1103249614	4,115,786	5,988,535
Bank Development Account	1103249754	214,010,434	65,893,516
Bank Savings & Reserve A/C	1103127063	439,149	5,195,760
Bank Savings & Reserve -foreign A/C	1108728294	756,657	771,994
<b>Total</b>		<b>223,135,457</b>	<b>92,664,582</b>

\* The bank accounts are all with Kenya Commercial Bank - Milimani Branch. The M-pesa account is with Safaricom while the Pesa-Pal account resides with the service provider, Jambo Pay Limited.

<b>21 Trade Receivables Exchange Transactions</b>		<b>2017/2018</b>	<b>2016/2017</b>
Trade Debtors : Rental space		13,989,930	4,938,705
: Direct consignment (Books)		2,115,752	1,446,188
		<b>16,105,682</b>	<b>6,384,893</b>
Less: Provision for doubtful debt		2,015,650	2,015,650
<b>Total</b>		<b>14,090,032</b>	<b>4,369,243</b>
<b>21a Ageing Analysis (Trade Debtors)</b>			
<b>No. of Days</b>		<b>As at 30th June</b>	<b>As at 30th June</b>
		<b>2018</b>	<b>2017</b>
0-90		3,261,978	1,653,587
91-180		2,299,829	503,473
181-365		4,972,808	909,164
Over 365		5,571,067	3,318,669
<b>Total</b>		<b>16,105,682</b>	<b>6,384,893</b>

**22 Trade Receivables non exchange transactions**

Staff Debtors	6,338,861	5,990,657
Refundable Deposit	2,149,645	1,550,845
	<b>8,488,506</b>	<b>7,541,502</b>
Less: Provision of bad & doubtful debts	2,811,205	2,811,205
<b>Total</b>	<b>5,677,302</b>	<b>4,730,297</b>

**Ageing Analysis (Non-Exchange)**

**No. of Days**

	<b>As at 30th June 2018</b>	<b>As at 30th June 2017</b>
0-90	2,687,207	3,585,795
91-180	168,876	
181-365	221,385	
Over 365	5,411,039	3,955,708

<b>Total</b>	<b>8,488,506</b>	<b>7,541,503</b>
--------------	------------------	------------------

**\* Provision for Doubtful Debt**

The provision for doubtful debt has been made based on the recommendations of the Audit report. knls has not adopted a tailor made policy on this but has made presumptions as provided for in IPSAS 17.

<b>22a</b>	<b>Movement in Provision for Bad &amp; Doubtful debts</b>	<b>2017/2018</b>	<b>2016/2017</b>
	Opening Balance	4,826,855	5,058,557
	Additions in the year	-	155,298
	Payments	-	(387,000)
	<b>Balance</b>	<b>4,826,855</b>	<b>4,826,855</b>

**23 Inventory**

The items mainly comprise consumables whose turnover is very high. First in first out valuation method is used and inventories are stated in the financial statements at cost, which is lower than net realized value.

	<b>2017/2018</b>	<b>2016/2017</b>
General office	2,083,558	2,083,400
Uniform & Clothing	-	8,978
Library Processing Tools	2,100,129	2,129,691
Computer Accessories	1,577,436	2,175,330
<b>Total</b>	<b>5,761,123</b>	<b>6,397,399</b>

**24 Prepayments**

Prepayment for knls Motor Vehicle	-	4,504,861
Purchase of Soft ware	-	1,537,332
Prior Year Adjustment	-	-
<b>Total</b>	<b>-</b>	<b>6,042,193</b>

**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

**25 PROPERTY, PLANT & EQUIPMENT SCHEDULE**

	Land	Building	Plant and Equipment	Motor vehicles	Furniture and fittings	Computers	Capital Work in Progress	Total
<b>COST</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
As at 1st July 2016	430,250,000	809,264,451	38,286,056	30,916,239	81,167,566	54,972,795	1,444,909,134	2,889,766,241
Additions - Purchases	-	-	953,282	-	74,659,524	9,423,764.26		85,036,570
Additions - Donations	-	-	-	-		8,531,760.00		8,531,760
Additions CWIP							322,517,381	322,517,381
Works capitalised/expensed		59,948,607					(83,181,435)	(23,232,828)
As at 1st July 2017	430,250,000	869,213,058	39,239,338	30,916,239	155,827,090	72,928,319	1,684,245,080	3,282,619,124
Additions - Purchases			662,194	12,038,011	428,380	3,106,792		16,235,377
Additions - Donations			1,354,306		1,151,676	3,007,415		5,513,397
Additions CWIP							376,797,838	376,797,838
As at 30th June 2018	430,250,000	869,213,058	41,255,838	42,954,250	157,407,146	79,042,526	2,061,042,918	3,681,165,736
Depreciation and impairment								
As at 1st July 2016								
Accumulated Depreciation		89,357,251	30,374,257	27,900,232	43,802,860	40,502,807		231,937,407
Depreciation for the Year		16,185,289	4,724,636	1,508,004	9,309,224	6,652,613		38,379,766
As at 30th June 2017	-	105,542,540	35,098,893	29,408,236	53,112,084	47,155,420	-	270,317,173
Depreciation for the Year		17,384,261	1,922,417	1,508,003	17,703,494	11,148,627		49,666,802
As at 1st July 2017	-	122,926,801	37,021,310	30,916,239	70,815,578	58,304,047	-	319,983,975
Depreciation for the Year		17,384,261	1,510,373	3,009,503	17,913,243	10,548,657		50,366,037
As at 30th June 2018		140,311,062	38,531,683	33,925,742	88,728,821	68,852,704		370,350,012
Net book values								
As at 30th June 2017	430,250,000	746,286,257	2,218,028	-	85,011,512	14,624,272	1,684,245,080	2,962,635,149
As at 30th June 2018	430,250,000	728,901,996	2,724,155	9,028,508	68,678,325	10,189,822	2,061,042,918	3,310,815,724

**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

26 Intangible Assets - Software Cost	2017/2018 Kshs	2016/2017 Kshs
As 1 July 2017	1,839,159	3,354,319
Additions in the year	1,827,650	168,000
Amortisation for the year	(1,925,710)	(1,683,160)
<b>Total</b>	<b>1,741,099</b>	<b>1,839,159</b>

27 Movement of Book Stock	2017/2018 No. of Books	Value Kshs.	2016/2017 No. of Books	Value Kshs
Opening balance	1,590,691	832,029,803	1,546,934	786,011,055
Add: Govt purchases	29	50,000	8,132	5,643,679
Donations	61,588	61,049,896	59,144	48,262,812
Resurfaced books	49	18,691	77	26,654
Less: Withdrawn books	(11,978)	(5,231,000)	(23,596)	(7,914,397)
<b>Total</b>	<b>1,640,379</b>	<b>887,917,390</b>	<b>1,590,691</b>	<b>832,029,803</b>

The withdrawn books represent the net effect of value of books weeded from the system and lost books (including stolen books). It also includes books donated to needy institutions. knls is an agent of Book Aid International (BAI). The Board receives books on behalf of other institutions and distributes them.

The stock of books consists of reading materials for users of all levels. Books purchased are valued at cost price whereas books donated to knls are valued at cover price. Where no value is indicated, the books are valued at Kshs 800/- per copy for adult books and kshs 500 for children.

The books have not been depreciated as recommended in IPSAS 17. knls has developed a draft policy on the same which will guide the depreciation of these books going forward. However, they have been recognised and valued as stated in paragraph II.

28 Trade Payables Exchange transactions	2017/2018 Kshs.	2016/2017 Kshs.
Trade Creditors	177,910,556	136,536,774
Advance Receipts	519,280	387,655
Third party payments	22,063,177	10,178,721
<b>Total</b>	<b>200,493,012</b>	<b>147,103,150</b>
<b>Refundable deposits (Rental)</b>		
Safaricom Shop - Buruburu	1,399,847	1,399,847
Equity Bank - Buruburu	1,596,987	1,596,987
CFC Bank - Buruburu	658,035	658,035
Agha Khan University Hospital - Buruburu	1,200,870	1,200,870
Candy Shop - Mombasa	5,500	5,500
Eraeva Canteen - Nakuru	67,991	67,991
Kenya Film Classification - Nakuru	142,541	142,541
Donyam - Kisumu	15,500	15,500
	<b>5,087,271</b>	<b>5,087,271</b>



**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

**Current Provisions - Audit Fees**

Balance at the beginning	1,980,000	1,980,000
Additional Provisions	660,000	700,000
Provision Utilised	(700,000)	(700,000)
Transfers from Non-current provisions		

**1,940,000**      **1,980,000**

**Total Trade Payables**      **207,520,284**      **154,170,421**

**29 Trade payables from non-exchange transactions**

**Gratuity**

	2,182,400	992,000
Balance at the Beginning		
Additional	1,190,400	1,190,400
<b>Total</b>	<b>3,372,800</b>	<b>2,182,400</b>

**30 Deferred income**

**Public contributions and donations**

Book donations	61,049,896	210,602,991
Fixed Assets	5,513,397	10,315,089
Cash donations	8,823,217	6,373,654
<b>Total</b>	<b>75,386,510</b>	<b>227,291,734</b>

**30a Deferred income movement**

	<b>Book Donations</b>	<b>Fixed Asset</b>	<b>Cash Donations</b>	<b>Total</b>
Balance brought forward	210,602,991	10,315,089	6,373,654	227,291,734
Additions in the year	61,049,896	5,513,397	8,823,217	75,386,510
<b>Transfers to Capital Fund</b>				
Transfers to Income Statement	-	(7,093,086)	(9,816,113)	(16,909,199)
Other transfers				
<b>Balance carried forward</b>	<b>271,652,887</b>	<b>8,735,400</b>	<b>5,380,758</b>	<b>285,769,045</b>

**31 Cash generated from Operations**

Note	<b>2017/2018 Kshs</b>	<b>2016/2017 Kshs</b>
	(89,513,759)	(36,098,415)
<b>Adjusted for :</b>		
Depreciation	25 50,366,037	49,666,802
Amortisation of software	26 1,925,710	1,683,160
Resurfaced books	27 18,691	(26,654)
Donations (FA)	(5,513,397)	(6,572,393)
Withdrawn books	27 5,231,000	7,914,397
Deferred income (Cash)	30a 5,380,757	6,373,654

**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

Contribution to provisions		660,000	4,826,855
Contribution to impairment		(3,516,814)	(1,961,110)
<b>Operating Deficit Before Working Capital Changes</b>		<b>(34,961,774)</b>	<b>25,806,296</b>
(Increase) / Decrease In inventory	23	(636,276)	(2,053,480)
(Increase) /Decrease in provisions for doubtful debts		-	231,702
(Increase) / Decrease In receivables		(8,773,785)	(3,879,076)
(Increase)/(Decrease in prepayments	24	-	(6,042,193)
Increase / (Decrease) In payables	28	53,349,862	28,097,635
(Decrease)/Increase in Provisions	29	1,190,400	1,190,400
<b>Net Cash Outflow From Operating Activities</b>		<b>10,168,428</b>	<b>43,351,284</b>

## 32 Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. knls overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

### (i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
<b>At 30 June 2018</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Receivables from exchange transactions	16,105,682	-	2,015,650	0
Receivables from non-exchange transactions	8,488,506	-	2,811,205	-
Bank balances	223,135,457	223,135,457	-	0
<b>Total</b>	<b>247,729,645</b>	<b>223,135,457</b>	<b>4,826,855</b>	<b>-</b>
<b>At 30 June 2017</b>				
Receivables from exchange transactions	6,384,893	-	2,015,650	-
Receivables from non-exchange transactions	7,541,502	-	2,811,025	11,490
Bank balances	92,664,583	92,664,583	-	-
<b>Total</b>	<b>106,590,978</b>	<b>92,664,583</b>	<b>4,826,855</b>	<b>11,490</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

## **(ii) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with knls directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. knls manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by knls under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2018</b>				
Trade payables		207,520,284		207,520,284
Provisions		1,940,000	3,372,800	5,312,800
Deferred Income			285,769,045	285,769,045
Employee Benefit Obligations				-
<b>Total</b>	<b>-</b>	<b>209,460,284</b>	<b>289,141,845</b>	<b>498,602,129</b>
<b>As at 30 June 2017</b>				
Trade payables		154,166,924		154,166,924
Provisions		1,980,000	2,182,400	4,162,400
Deferred Income			227,291,733	227,291,733
Employee Benefit Obligations	-			-
<b>Total</b>	<b>-</b>	<b>156,146,924</b>	<b>229,474,133</b>	<b>385,621,057</b>

## **33 Related Party Transactions**

### **a) Nature of related party relationships**

Entities and other parties related to knls include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

knls is related to:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Board of directors;
- vi) Key Management

**b) Related Party transactions**

	2017/2018	2016/2017
Transfers from related parties'	1,117,444,400	760,180,000
Transfers to related parties'	-	-
<b>Total</b>	<b>1,117,444,400</b>	<b>760,180,000</b>

**c) Key Management remuneration**

	2017/2018 Kshs.	2016/2017 Kshs.
Directors' emoluments	16,543,280	16,543,280
<b>Key Management compensation</b>		
Senior Management Salary and benefits	20,572,995	18,969,171
<b>Total</b>	<b>37,116,275</b>	<b>35,512,451</b>

**34 Movement in Capital Reserve**

1. Depreciation of capitalized building works @ 2% of Kshs.59,948,607 for FY 2016/2017	1,198,972
2. Depreciation of capitalized building works @ 2% of Kshs.795,654 for FY 2015/2016	15,913
3. Depreciation of capitalized building works @ 2% of Kshs.17,163,337 for FY 2014/2015	343,267
4 Depreciation of Furniture & fittings @12.5% of Kshs.74,659,524	9,332,441
5. Depreciation of motor vehicles @25% of kshs.12,038,011	3,009,503
6. Depreciation of computers @33% of Kshs.500,835	165,276
7. Expensed works for FY 2017/2018	12,233,530

## APPENDIX I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor. We have nominated focal persons to resolve issues as shown below with the associated time frame within which we expect the issues to be resolved.

### Issue/Observations from Auditor

#### 1. Property, plant and Equipment

As previously reported, the value of property, plant and equipment figure of Kshs.1,278,390,069 in 2016/2017 excludes Kshs. 12,500,000 in respect of estimated value of thirty-five (35) parcels of land with partial or no ownership documents as observed during the audit of records availed for audit review.

In the circumstances, it has not been possible to confirm the accuracy, custody, and security of the property, plant and equipment balance of Kshs.1,278,390,069 as at 30 June 2017.

### Management Comments

The said parcels include land donated by the community to knls while others knls is in possession of allocation letters awaiting formalization and issuance of Title deeds. IPSAS 16 requires that an entity can only include/declare any property in the Financial Statements if it is in possession of the ownership documentation. In this case knls is still pursuing the ownership documentation and have the same included as Property, Plant & Equipment and in the Financial Statements.

The registration of ownership documents for these parcels of land is in different stages as summarized below;

- 2.2.1 13 No.- Parcels of land with letters of allotment from the defunct local authorities – **Appendix 1A**
- 2.2.2. 20 No.- Free hold parcels of land owned by communities with operational library buildings – **Appendix 1B**
- 2.2.3. 1 No. - Free hold undeveloped parcel of land in Sabatia (Vihiga County) – **Appendix 1C**
- 2.2.4. 1 No. - Undeveloped parcel of land in Awendo (with library services currently being provided from Sony Sugar Primary School compound) – **Appendix 1D**

The omission of the thirty-five (35) parcels of land valued at approximately **Kshs.12, 500,000** under 2.2.1 to 2.2.4 above was because the Board had not yet obtained the ownership documents for these parcels. Knls Board has continued to consult with the relevant Government agencies, to facilitate processing and registration of ownership documents for parcels above so as to secure them.

Knls management embarked on revaluation of all Board's properties and assets in July 2017. The aim of the exercise is to enable the Board update its assets inventory and reflect the current and fair value in its books of accounts. A total of 77 parcels of lands and buildings were to be covered through the exercise.



The exercise was undertaken jointly by officers from Ministry of Land and Physical Planning, Ministry of Transport, Infrastructure, Housing & Urban Development (State Department of Housing and Urban Development) and knls drawn from Finance, Planning and Audit Departments.

As at the time of submitting this report, the revaluation exercise had been completed awaiting the comprehensive valuation report. This report will be used to update the books of accounts accordingly in FY2018/2019.

**Focal point Person: Richard Atuti, CEO**

**Status: Partially Resolved**

**Time frame: 31<sup>st</sup> December 2018**

## **2. Overpayment of Retirement Benefits**

As previously reported, thirteen (13) KNLS retired staff who were members of Retirement Benefit Scheme were overpaid by Kshs.4,291,802. As at 30 June 2017 an amount of Kshs.1,770,862 had been recovered leaving a balance of Kshs.2,520,940.

A review on the position in 2017 revealed that on 3 April 2017 the Staff Retirement Benefit Scheme appointed auditor - M/S Mitoko and Company Limited for unclear reasons recommended write-off of Kshs.3,866,384 in three instalments starting from the audited accounts of year 2016. No analysis has been provided to show how the write-off figure of Kshs.3,866,384 was arrived at. Further, no reasons were provided for the write-off recommendation.

### **Management Comments**

The Board of Trustee through a resolution made on 29<sup>th</sup> March 2017 agreed to write off the overpayment in three instalments after the auditor pointed out that the recoverability of this amount is doubtful since there had been no material recoveries since 2007. The first instalment was written off in the audited accounts dated 31<sup>st</sup> December 2016 amounting to Kshs.1,288,795 while the second instalment of Kshs.1,288,795 was written off in the audited accounts dated 31<sup>st</sup> December 2017. The balance of Kshs.1,288,795 will be written off in the subsequent year. i.e. 31<sup>st</sup> December 2018.

The Scheme further revised its Policy and introduced an indemnity Insurance Cover to cushion the Scheme from any loss in the future.

**Focal point Person: Richard Atuti, CEO**

**Status: Partially Resolved**

**Time Frame: 31<sup>st</sup> December 2018**

## **3. Depreciation of Library Books**

Paragraph 17 of the International Public Sector Accounting Standards (IPSAS) No. 17 recognizes books as assets that are subject to depreciation. However, KNLS depreciation policy on books is still in draft form and has not been approved and adopted for implementation by the board.

During the year under review, KNLS purchased 8,132 books worth Kshs.5,643,679 and also received 59,144 books donated by Book Aid International (BIA) valued at Kshs.48,262,812. However, the books were not aggregated and depreciated in line with IPSAS 17.

In the circumstances, the net book value or fair value of the total assets stated at Kshs.53,926,421 as at 30 June 2017 could not be ascertained.

### **Management Comments**

Knls concurs with the issue raised on depreciation of books.

It's also true that knls depreciation policy is in draft form and has not been approved or adopted for implementation.

Attempts to develop and adopt a book depreciation policy is a new phenomenon which has no precedence in the practice of valuing library collections. To this end, knls is reaching out to the International Federation of Library Associations and Institutions (IFLA) and UNESCO for consultations and advisory to firm up the new draft before presentation to the Board.

This will take a while to get a response from the two bodies responsible for setting standards for libraries globally. Therefore, the policy guidelines to be developed by knls should comply with the set standards.

Further, knls communication to the above bodies has made reference to requirements of IPSAS 17 to ensure conformity and whether depreciation of libraries collections should subscribe to the standard.

As soon as these issues are responded to, knls will firm up the policy for submission to the Board for approval and subsequent implementation.

**Focal point Person: Mrs. Wangari Ngovi, DDTS**

**Status: Partially Resolved**

**Time Frame: 30<sup>th</sup> June 2019**

### **4.0 Delayed Completion of the Proposed National Library and Headquarters for Kenya National Library Service**

Kenya National Library Service on 2 March 2012 awarded a contract to M/S K.G. Patel Sons Limited - Building & Civil Engineering Contractors for the construction of the Proposed National Library and Headquarters at a contract sum of Kshs.2,055,200,200. However, the contract sum of Kshs.2,055,200,200 was exclusive of undetermined consultants fees. Construction commenced in April 2012 and was set to be completed in a period of 208 weeks or by January 2016.

Audit inspection carried out in February 2018 revealed that the Project had not been completed and handed over due to various extension of time period awarded on contractor's request. The period was

extended by additional sixty-five (65) weeks to 3 July 2017. Additional extension of 72 weeks was also made from 3 July 2017 to 19 November 2018. Since the commencement of the project in April 2012 there had been a 127.88%-time lapse. Further as noted by the Board in their meeting dated 29 June 2017, cost for some of the project works had notably escalated due to delays resulting to price increase, technological changes rendering the proposed ones almost obsolete for appropriate benchmarking thus the need to install high level of technology. At the point of production of tender

document, the Audio Visual component was valued at Kshs.11Million but at the time of appraisal, the cost was estimated at Kshs.73,940,904.

Initial contract sum of the Project was Kshs.2,055,200,200 but the appraised sum was recorded at Kshs.2,409,876,499 and thus registering an increase of Kshs.354,676,299 or 17.26% but revised Bill of Quantities have not been availed for audit review. Further, the continued extensions of time have led to payment of avoidable interests and penalties of Kshs.18,907,162.

It is not clear why these major changes to the Atrium Roof, Alterations at exhibition area on ground floor, relocations and technological changes were not foreseen by the consultants mainly the Architect, Structural Engineer and Quantity Surveyor.

In the circumstances, it has not been possible to confirm that expenditure occasioned by several extension of time totaling Kshs.354,676,299 was a proper charge against public resources. It has also not been explained as to why the consultants' fees were not quantified and included in the main contract. The continued delay in completing the project is also likely to lead to further escalation of costs.

### **Management Comments**

The National Library of Kenya/knls Headquarters project was conceived and conceptualized by the knls Board as a Vision 2030 Flagship project.

This was a four-year multi-tier project whose construction commenced on 10<sup>th</sup> April 2012 with an expected completion date of 19<sup>th</sup> January 2017.

The contract sum of Kshs. 2,055,200,200 is exclusive of the consultants' fees since conceptualization. The project began with identification of relevant service providers namely;

### **Consultants**

- |                                    |   |                          |
|------------------------------------|---|--------------------------|
| a) Architectural services          | - | Aaki Consultants         |
| b) Quantity surveying              | - | Procost Ltd              |
| c) Electrical and civil engineers  | - | Mecoy Consultants Ltd    |
| d) Structural engineering services | - | Professional Consultants |

The team were to work with the knls Board to develop the building designs, bill of quantities/ tender documents and estimates for tendering purposes and contract documents for main contractor and subcontractors.

The fee payable to the consulting firms was determined and awarded independently and prior to the determination of the actual tender sum of all contractors for builders works and specialized services.

The totality of the project cost would in effect comprise of the tender sum of kshs 2,055,200,200 plus consultant's fees as is normally the practice in the industry.

The committee to note that the knls Board and the parties involved in the implementation of the contract have signed a fluctuating contract in line with Government regulation.

In addition, the consultants have been paid as per the guidelines of JPC price index alongside the interim certificates from the main contractor for work done.

### **Challenges in Implementation of the Project**

The project has faced a number of challenges resulting in time and cost overruns that have consequentially resulted into variations in scope.

Initial contract sum of the project was Kshs 2,055,200,200 but the appraised sum is Kshs 2,409,876,499 thus registering an increase of kshs 354,676,299 or 17.26%. The revised bill of quantities incorporating the variations was an addendum to the financial appraisal No. 3. The document was not availed in time to the auditors for audit review. However, the document is available for audit review and verification and to support the financial appraisal No. 3 as approved by the Board.

The challenges faced by the project include but not limited to:

- i) **Unfavorable ground conditions** – Existence of black trap rock which was very difficult to excavate resulting to escalation of cost of substructures. The contractor had to do the excavation at night as NEMA would not allow it during the day
- ii) **Cash flow not commensurate with level of completed works** – This has resulted to delayed payments which attract interest pursuant to clause 34.6. This also leads to slow progress of work and therefore extension of time which results to further cost escalations in extended preliminaries.
- iii) **Change in technology** – This project was designed in 2011. Most of the services installations since then have been rendered obsolete by emerging new technologies. The new installations come with cost escalations.
- iv) **Price of Material escalations** – The cost of materials has been affected by inflation since the works were tendered in 2012. There has also been escalations on the exchange rates which have affected the prices of imported components of the works, more so in electrical and mechanical installations

In the circumstances, upon presentation of the financial appraisal, the Board approved kshs 354,676,299.71 or 17.26% variation to the project on 29<sup>th</sup> June 2017 summarized as under:

#### **Project Cost Data**

Original Contract sum	: KES 2,055,200,200.20
Appraised amount	: KES 2,409,876,499.91
Variation	: KES 354,676,299.71
Percentage variation	: 17.26%
Projected professional payments to Consultants (20% of contract sum)	: KES 481,975,299.98
Projected total project cost	: KES 2,891,851,799.80

**kenya national library service**  
**Annual Reports and Financial Statements for the year ended June 30, 2018**

**Payment Breakdown as at 30<sup>th</sup> June 2017**

Construction Costs	KES. 1,326,224,952.34
Professional Fees for consultants	KES. 348,371,545.04
Other direct payments to the project (approvals etc)	<u>KES. 24,184,672.62</u>
<b>Total Incurred by the Project as at 30<sup>th</sup> June 2017</b>	<b>KES. 1,698,781,170.00</b>

Allocation for FY'2017/18	<u>KES. 445,666,000.00</u>
<b>TOTAL</b>	<b>KES. 2,144,447,170.00</b>
<b>Amount required to complete the Project as at 30<sup>th</sup> June 2018</b>	<b><u>KES. 747,404,609.80</u></b>

**Summary of variations**

a) Extended preliminaries	23,974,298.60
b) Partitioning and refurbishment of knls Buruburu	3,132,549.92
c) Main Works – Builders work	116,689,577.42
d) External works	2,041,390.20
e) Electrical Services Installations	80,595,913.42
f) Mechanical services Installations	13,300,349.00
g) General PC & provisional sums	13,322,080.00
h) Contractual entitlements	101,620,141.15
<b>Total</b>	<b><u>354,676,299.71</u></b>

The funding model of the project is purely by the Government of Kenya. Funds are allocated to the project at the beginning of each financial year and within the ceilings of the sector and for the Parent Ministry.

The funding levels to the project have not been commensurate with the projected program of works thus causing delays in project completion and payment for work done, and in some instances attracting penalties in form of interest in delayed payments.

In the circumstances, the project completion period has been extended twice by 65 and 72 weeks to November 2018. Since the commencement of the project in April 2012, there had been a 127.88%-time lapse.

The appraisal indicates a cost coding for main construction cost, breakdown of pricing document (initial contract sum), amount awarded, appraisal amounts, difference, comments on difference, approved variations and variations to be approved at each stage of project implementation.

The Board remains positive that it will be able to receive adequate funding from Government towards completion of the project.

The Board also concurs that various changes have been made to the project due to technological changes. It should be noted that the project commenced over five years ago and technological changes and other emerging issues may be inevitable and adjustments of project works as and when they arise will be handled in line with Government Regulations.

**Focal point Person: Richard Atuti, CEO**

**Status: Partially resolved**

**Time Frame: 30<sup>th</sup> June 2019**



**5. Outstanding Audit Fees**

The statement of financial performance for the year ended 30 June 2017 reflect unpaid audit fees for three years totalling Kshs.1,980,000. The amount is in respect of audit services provided by the Office of the Auditor General. It is not clear why the client has not cleared the outstanding audit fees.


**Management Comments**

The Audit observation is noted. Management further notes that the Office of the Auditor General had not issued invoices for the previous 3 years. The invoice was received simultaneously with Report of the Auditor-General on the Financial Statements of Kenya National Library Service for the Year ended 30 June 2018 on 9<sup>th</sup> August 2018. Management will assess and settle the invoices in a staggered manner within the available resources during the Financial Year.

Focal point Person: Richard Atuti, CEO

Status: Not Resolved

Time Frame: 30<sup>th</sup> June 2019



Hon. Noah Katana Ngala, EGH

Chairman knls Board



Richard M. Atuti, OGW

Chief Executive Officer, knls

Date 14.05.2019

Date 13.05.2019

**APPENDIX II. PROJECTS IMPLEMENTED BY KNLS**

	Project	Total project cost	Total expenditure to date	Completion %	Budget Commitment	Actual
		Kshs.	Kshs.		Kshs.	Kshs.
1	National Library of Kenya & knls Headquarters	2,500,000,000	2,071,618,860	68.9	502,022,450	345,110,994
2	Gatimbi Community Library	1,255,710	1,255,710	100	2,800,000	1,255,710
3	Kisii Library - Access Road and Roof overhaul	1,000,000	895,430.00	100	1,000,000	895,430
4	Kapsabet Community Library - Ablution Block	2,782,000	3,015,589	100	2,782,000	3,015,589
5	Dzitioni - Sealing Eaves for Bat Control	1,365,741	25,000	100	1,365,741	25,000
6	Wundanyi District Library		51,400			51,400
7	kwale community library		15,000			15,000

### APPENDIX III. INTER-ENTITY TRANSFERS

KENYA NATIONAL LIBRARY SERVICE				
Break down of Transfers from the Ministry of Sports and Heritage				
	FY 17/18			
A	Recurrent Grants	Bank Statement Date	Amount (KShs)	FY to which the amounts relate
		09-08-17	167,944,600	2017/2018
		08-11-17	167,944,000	2017/2018
		09-02-18	167,945,200	2017/2018
		25-04-18	167,944,600	2017/2018
	<b>Total Recurrent Grant</b>		<b>671,778,400</b>	
B	Development Grants	Bank Statement Date	Amount (KShs)	FY to which the amounts relate
		09-08-17	130,000,000	2017/2018
		15-03-18	260,000,000	2017/2018
		03-05-18	55,666,000	2017/2018
	<b>Total Development Grant</b>		<b>445,666,000</b>	
<b>TOTAL GRANTS RECEIVED FY 2017/2018</b>			<b>1,117,444,400</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

Deputy Director (Finance & Administration)  
Kenya National Library Service

Head of Accounting Unit  
Ministry of Sports and Heritage

Sign 

Sign   
